



Rule Self-Certification

May 29, 2015

VIA ELECTRONIC PORTAL

Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, N.W.
Washington, DC 20581

Re: **Regulation §40.6 Submission Certification**
Amendments to Exchange Rules
Reference File: SR-NFX-2015-35

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Section 40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission under the Act, NASDAQ Futures, Inc. (“NFX” or “Exchange”) amends certain rules in its Rulebook. These amendments will be implemented on June 15, 2015. The text of the Rulebook is set forth in Exhibit A.

Amendments to the Rulebook:

Definitions

The Exchange is amending its Definitions and also Chapter V, Section 1 of its Rules to remove the requirement to submit a Clearing Account Indicator with an Order into the Trading System. Futures Participants will be required to submit a CTI Code and Origin Code with each Order. The Exchange is amending the definition of “Equilibrium Price” to redefine the manner in which that price will be calculated and to note that Market Orders and Market-to-Limit Orders are not included in the Equilibrium Price. The Exchange is amending the definition of “Implied Orders” to clarify that an Implied Order cannot be and Fill or Kill or Immediate or Cancel Order. The definition of “Order” is amended to add a Linked Order (described below) and to state the time conditions applicable to Market, Implied and Linked Orders. These definitions are intended to provide clarity and context to the usage of these words throughout the Rulebook.

Limitation of Liability

The Exchange is amending Chapter II (Membership Rules) at Section 8(a) (Limitation of Exchange Liability and Reimbursement of Certain Expenses) to specifically note the Exchange shall not be liable to *any Person (including, but not limited to Customers)* for any losses specified within the rule. The rule is being amended to make clear that it applies to all Persons, including Customers, which terms are defined in the rules of the Exchange. Further the amendment conforms the rule text to the language in 8(c) of this rule.

The Exchange is amending Chapter II, Section 8(b) to provide that the Exchange may compensate users of its Trading System Complex for losses for the aggregate of all claims made by all *Futures Participants*. The Exchange is amending this rule to make clear that it shall not be liable to Customers for any losses, damages, expenses, or other claims (including but not limited to loss of profits, loss of use, loss of goodwill, and direct, indirect, incidental, consequential, special, or punitive damages even if they were known or foreseeable) arising out of the Trading System Complex as specifically described in the rule, but that it may elect to compensate Futures Participants (members of the Exchange). The current word “market participants” is replaced with Futures Participants, which is defined in the rules of the Exchange, for specificity.

Segregation and Secured Requirements

The Exchange is amending Chapter III (Obligations of Futures Participants and Authorized Traders) at Section 4 (Segregation and Secured Requirements) to remove language to permit the Exchange to prescribe additional segregation and secured amount requirements. The Exchange believes that this rule, in connection with other rules which describe financial responsibilities, provides Futures Participants and Clearing Futures Participants with clear parameters for complying with the CFTC Regulations as well as Exchange rules.

Adjustment of a Customer Order

The Exchange is amending Chapter III (Obligations of Futures Participants and Authorized Traders) at Section 12 (Adjustment of a Customer Order) to remove language stating that any loss resulting from an error or mishandling of an Order for a Customer must be borne by the Futures Participant which made the error, and any profits resulting from the error or mishandling of an Order shall ensure to the benefit of the Customer. The Exchange states the various responsibilities owed to Customers in Chapter III, Section 15.

Exchange Access to Position Information

The Exchange is amending Chapter III (Obligations of Futures Participants and Authorized Traders) at Section 19(a) (Exchange Access to Position Information) to state that the Exchange shall have the authority to obtain information on the activities of Futures Participants and their Customers in the

reference market where an Exchange Contract is settled by reference to the price of a contract or commodity traded in another venue, including a price or index derived from prices on another designated contract market or on a foreign board of trade. The Exchange is removing language in 19(b) this rule which requires any Futures Participant which owns, controls or carries for any Customer a 'reportable position' (as such term is used in Chapter III, Section 16) in any Contract that is cash settled by reference to the price of a contract or commodity traded in another venue, including another designated contract market, to submit to the Exchange or its Regulatory Services Provider such position information which such Futures Participant or its Customer owns or controls in the reference contract or commodity on such other venue, in such form and manner as may be specified by the Exchange. NFX has determined that it will not at this time require Futures Participants to routinely provide information regarding positions they hold or control in the reference market where an Exchange Contract is settled by reference to the price of a contract or commodity traded on such market, solely because the Futures Participant owns, controls or carries for any Customer a reportable position in the related NFX Contract. The Exchange believes the revised language provides adequate authority for it to require reference market information to be provided, on a case by case basis, where the Exchange determines such information is needed in order to meet the Exchange's responsibilities under Core Principle 4.

Listed Contracts

The Exchange is amending Chapter IV (Trading System) at Section 1 (Listed Contracts) to state that all trading in Exchange Contracts must occur on or through Exchange facilities and in accordance with Exchange rules. The Exchange is adding this language to make clear that all Contracts are subject to trading as provided in the Exchange's rules.

Trading Sessions

The Exchange is amending Chapter IV (Trading System) at Section 3(a) (Trading Sessions) to amend the Pre-Open Session to note that *pre-existing* GTC and GTD Orders may be modified or cancelled and Market Orders and Cross Orders will not be accepted during this session. The Time in Force conditions are also explained in the amendment. Also, during the Post-Close Session, Futures Participants may modify and cancel Orders. The Exchange believes that the addition of the word "pre-existing" clarifies the Orders which will be subject to modification and cancellation and to make clear which Orders are not accepted during the Pre-Open Session.

Acceptable Orders

The Exchange is amending Chapter IV (Trading System) at Section 4(a)(viii) (Acceptable Orders) related to Combination Orders to note the priority of execution as first to the respective legs and thereafter the Combination Orders. A Linked Order type is being added to Section 4(a)(xi). A "Linked Order" consists of a single message with two or more dependent Orders with the same quantity and Time in Force Conditions for each Order. An execution of one of the

Linked Orders will result in an equal reduction in the quantity of all remaining Orders which are linked to that Order. The Orders in the Linked Order message will be separately executed and will be separately reported. A cancellation or rejection which impacts one or more Orders of the Linked Order will result in the cancellation or rejection of all unexecuted Orders that are part of the Linked Order. Buy Orders and sell Orders cannot be combined in a Linked Order. A Linked Order cannot have a Time in Force Conditions of GTC or GTD. A Linked Order may not be a Combination Order or an Iceberg Order. A Linked Order may contain a maximum of ten (10) Orders in a single message. Finally, the Exchange is amending an Immediate or Cancel Order at 4(b) to state that if there is a partial execution, the remainder of the Order will be cancelled. The Exchange is adopting this new order type to provide market participants with a means to execute multiple Orders simultaneously, provided those Orders meet the specifications of a Linked Order.

Execution of Orders

The Exchange is amending Chapter IV (Trading System) at Section 5(b)(ii) (Execution of Orders) to clarify that the Trading System rounds down to the nearest integer. The Exchange is adding this detail so that market participants are aware of the rounding process.

Trading at Settlement (“TAS” Order)

The Exchange is amending Chapter IV (Trading System) at Section 6(d) (Trading at Settlement (“TAS” Order)) to state that for purposes of TAS transactions, the term Daily Settlement Price as used in this Section 6 shall mean the Daily Settlement Price first announced by the Exchange for the trade date on which the TAS Order is executed, and shall not mean the Daily Settlement Price as it may later be revised by the Exchange for other purposes. Specifically, the Exchange is amending this rule to provide that the term “Daily Settlement Price” as used in that rule to calculate TAS Orders and execution prices of TAS transactions to mean the Daily Settlement Price first announced by the Exchange for the trade date on which the TAS Order is executed, even if the Daily Settlement Price is subsequently revised by the Exchange. The Exchange has determined that this amendment is necessary to ensure timely processing of TAS transactions at the Clearing Corporation.

Pre-Trade Risk Parameters

The Exchange is amending Chapter IV (Trading System) at Section 7(b) (Pre-Trade Risk Parameters) to amend the current text to state that when pre-trade risk parameters are met *or exceeded* the Exchange’s Trading System will reject all new Orders, including Quotes. The Exchange believes the addition of the words “or exceeded” makes clear the manner in which this feature functions. The Exchange is also correcting the rule text to provide that the Trading System will not accept an Order if that Order, in its entirety, would cause the pre-trade risk parameters to be met or exceeded pre-trade risk parameters. When the parameter is met, the

Trading System will not accept Orders, if the Order in its entirety would meet or exceed the pre-set limits. This correction will ensure that market participants are aware of the functionality of the pre-trade risk tool.

The Exchange is amending Chapter IV, Section 7(c) related to the Kill Switch to make clear that both Orders and Quotes would be cancelled if the Kill Switch were utilized. Once again, this correction will ensure that market participants are aware of the functionality of the Kill Switch.

Market Maker Risk Protection

The Exchange is amending Chapter IV (Trading System) at Section 9 (Market Maker Risk Protection) to adopt a new risk tool for Market Makers. This risk tool will assist Market Makers to control trading risks in the marketplace. Quoting across multiple Contracts may create large, unintended principal positions that expose Market Makers to significant market risk. This risk tool provides Market Makers a mean to control risk by providing volume and delta parameter protections.

Market Makers may elect to enable certain risk protection mechanisms which result in the removal of a Market Maker's Quotes from the Trading System if certain pre-set parameters have been met or exceeded. Once the Market Maker commences submitting Quotes in a specified Contract, the Trading System will count the number of contracts executed during a period of time specified in seconds per Contract by the Market Maker ("Exposure Limit Time Interval"). A new Exposure Limit Time Interval commences with each execution in a Contract. A Market Maker may provide the Exchange with a volume threshold value which, if the number of contracts executed, equals or exceeds such value during the Exposure Limit Time Interval, the Trading System will remove all Group Quotes in a Contract. A setting of zero will disable this feature. A Market Maker may provide the Exchange with a net delta value per Contract. The Trading System calculates the absolute value of (long call executions + short put executions) – (short call executions – long put executions), which if equals or exceeds the net delta value during the Exposure Limit Time Interval, the Trading System will remove all Group Quotes in a Contract. Market Makers may elect to also include Futures in that calculation per Contract. In this case, the Trading System calculates the absolute value of (long futures executions + long call executions + short put executions) – (short call executions – long put executions – short futures executions), which if equals or exceeds the net delta value during the Exposure Limit Time Interval, the Trading System will remove all Group Quotes in a Contract. A setting of zero will disable this feature. If the Market Maker's pre-set parameters have been met or exceeded in either the Quantity Protection or the Delta Protection, the Trading System will prevent new Quotes from being entered by the Group for the period of time specified in seconds per Contract by the Market Maker ("Quotation Frozen Time"). The Quantity Protection and Delta Protection risk mechanisms operate independently of each other.

Self-Match Prevention

The Exchange is amending Chapter IV (Trading System) at Section 10 (Self-Match Prevention). The Exchange states that Authorized Traders of a Futures Participant may be grouped together for purposes of Self-Match Prevention. The Exchange also seeks to correct the manner in which the Self-Match functionality operates to provide that if Self-Match is engaged, the last Order which is entered on the opposite side of the market at a price which is at or better than the affiliated Futures Participant's Authorized Trader's bid or offer will be ineligible to execute against that Order. The Order will not be rejected unless the only contra-side interest resting on the book is from its affiliated Authorized Traders, and the Order may interact with other resting Orders on the Order Book. This correction will ensure that market participants are aware of the functionality of the self-match prevention and under what circumstances Orders will be rejected by the Trading System.

Block Trade

The Exchange is amending Chapter IV (Trading System) at Section 11 (Block Trades) to revise wording in Section 11E to more specifically utilize the terms of the Rulebook to explain conditional Orders. The Exchange is amending 11F to provide for reporting timeframes during a Trading Halt and for Combination Orders with different Reporting Windows to clarify those timeframes. The Exchange is removing the redundant language in current 11G. Finally, the Exchange is adding a new 11G to make clear that Block Trades must be reported to the Clearing Corporation in accordance with an approved reporting method. The acceptance by the Clearing Corporation of a Block Trade is subject to Article XII, Section VII of the Clearing Corporation's By-Laws (Acceptance of Non-Competitively Executed Trades). The Exchange's amendment seeks to make clear the manner in which off-exchange transactions will be cleared by the Clearing Corporation.

Exchange for Related Positions

The Exchange is amending Chapter IV (Trading System) at Section 12H (Exchange for Related Positions) to make clear that the acceptance by the Clearing Corporation of any futures transaction that is identified as an EFRP is subject to Article XII, Section VII of the Clearing Corporation's By-laws (Acceptance of Non-Competitively Executed Trades). The Exchange's amendment seeks to make clear the manner in which off-exchange transactions will be cleared by the Clearing Corporation.

Trading Halts

The Exchange is amending Chapter IV (Trading System) at Section 13(c) (Trading Halts) to correct the rule text to provide that when a halt is initiated, the Trading System will complete the processing of trades that are in the course of being processed by the Trading System prior to the start of such a halt period, *and*

reject all other Orders. Once the halt is initiated, any *new* Orders, Quotes, cancellations or Order modifications submitted to the Trading System will be automatically rejected by the Trading System. Further, the Exchange amends 13(d) to state the Exchange will issue a notification indicating the commencement of trading and conclusion of the Trading Halt. Trading will commence with an Open Session which will follow a Pre-Open Session after a halt. This correction will ensure that market participants are aware of the functionality surrounding Trading Halts and under what circumstances Orders will be rejected by the Trading System.

Authorized Traders and Trader IDs

The Exchange is amending Chapter V (Trading Procedures and Standards) at Section 1(c) to remove the reference to the Clearing Account Type Indicator as noted above. The Exchange is also amending (d)(ii)(a) to provide that an Authorized Trader consents to the jurisdiction of the Exchange and the Commission, without the need to sign a written statement. The Exchange seeks to clarify that consent to the jurisdiction of the Exchange and Commission is governed by these Rules.

Clearing

The Exchange is amending Chapter V (Trading Procedures and Standards) at Section 2(c) to state that it is the responsibility of each Clearing Futures Participant that acts as a Clearing Futures Participant for an overnight trading session on the Exchange as defined by the Clearing Corporation (“OCC Overnight Trading Session”) to comply with any requirements of the Clearing Corporation to act in that manner (“OCC Overnight Trading Session Requirements”). If a transaction is executed or reported to the Exchange during an OCC Overnight Trading Session, including Block Trades and Exchange For Related Positions, and a Clearing Member for the execution of the transaction is not in compliance with OCC Overnight Trading Session Requirements: (i) the transaction will be processed and given effect by the Exchange, subject to the Exchange’s Error Trade Policy; and (ii) the Clearing Futures Participant will be subject to appropriate disciplinary action by the Clearing Futures Participant in accordance with the rules of the Clearing Corporation. The acceptance by the Clearing Corporation of any futures transaction that is identified as a Block Trade, EFRP or any other non-competitively executed trade is subject to Article XII, Section VII of the Clearing Corporation’s By-laws (Acceptance of Non-Competitively Executed Trades). The Exchange’s amendment seeks to make clear the manner in which an overnight trading session and off-exchange transactions will be cleared by the Clearing Corporation.

Direct Access

The Exchange is amending Chapter V (Trading Procedures and Standards) at Section 4(f) (Direct Access) to remove language that requires the approval of the risk controls set by the Clearing Futures Participant by the Exchange. The

Exchange seeks to make clear that the risk controls are the responsibility of the Clearing Futures Participant.

Market Makers

The Exchange is amending Chapter V (Trading Procedures and Standards) at Section 6(l) (Market Maker) to delete rule text which states that Market Makers shall have no obligation to submit bids and offers. However, when and if they are submitting bids and offers for which they are approved as a Market Maker, they are required to submit a two-sided market (bid and offer) in all Contracts unless a specific obligation is specified with respect to submitting a bids and offers for a Contract. The Exchange is removing this language as it is unnecessary.

Other Amendments

The remaining amendments to the Rulebook are not substantive. The other amendments, not noted above, are typographical, grammatical, changes to numbering and clarifying word usage and are intended to add greater clarity to the Rulebook.

With respect to the designated contract market core principles (“Core Principles”) as set forth in the Act:

- *Compliance with Rules:* Today the Exchange has in place Rules which describe the manner in which Futures Participants may access and trade on NFX. Chapter II, Section I provides for the qualifications and rules of participation applicable to Futures Participants as well as Authorized Traders. This Rule states that Futures Participants must utilize the Exchange’s services in a responsible manner, comply with Rules, cooperate with Exchange investigations and inquiries and observe high standards of integrity. In addition the Rule provides clear and transparent access criteria and requirements for Futures Participants and Authorized Traders. Chapter V, Section 18 describes prohibited activities with respect to the Trading System.

Trading will be subject to the Rules at Chapter III of the Exchange’s Rulebook, which include prohibitions against fraudulent, noncompetitive, unfair and abusive practices. Additionally, trading is subject to the trading procedures and standards in Chapter V of the Rulebook. Trading activity is subject to extensive monitoring and surveillance by NFX’s regulatory group in conjunction with the National Futures Association pursuant to the provisions of a Regulatory Services Agreement. Additionally, the Exchange has the authority to exercise its investigatory and enforcement power where potential rule violations are identified. The Exchange’s disciplinary Rules are

contained in Chapter VI of the Rulebook, which permit the Exchange to discipline, suspend or expel Futures Participants or market participants that violate the Rules. Pursuant to Chapter V, Section 5, the Exchange may cancel or adjust trades when necessary to mitigate market disrupting events caused by the improper or erroneous use of the Trading System or system defects or malfunctions. The Exchange may review a trade based on its independent analysis of market conditions or upon request from a Futures Participant.

- *Prevention of Market Disruption:* The Exchange's Regulatory Department, which handles real-time surveillance, monitors trading activity on the Exchange with a SMARTS Surveillance Application through which the Exchange can track activity of specific Authorized Traders, monitor price and volume information and receive alerts regarding market messages. The Exchange's Regulatory Department, which handles real-time surveillance in conjunction with staff that handles T+1 surveillance, utilizes data collected by the SMARTS Surveillance Application to monitor price movements, as well as market conditions and volumes to detect suspicious activity such as manipulation, disruptive trading and other abnormal market activity. The Exchange has established comprehensive audit trail processes that capture trading information to facilitate the surveillance activities described herein. Futures Participants that access the Exchange electronically are responsible for maintaining audit trail information for all electronic orders pursuant to Chapter V, Section 1. The Exchange has in place risk controls, including the imposition of trading pauses or halts, to address risks posed by potential market disruptions pursuant to Chapter V, Section 16. The Exchange has the ability to reconstruct all Orders transacted on the Trading System.

- *Availability of Contract Information.* The Exchange has indicated within its trading Rules where specific information relates to a particular Contract. The Exchange will provide detailed information within the contract specifications for that particular Contract. The Exchange will post the terms and conditions of Exchange Contracts in its Rulebook along with trading Rules. The specifications for its Trading System will appear on the Exchange's website.

- *Publication of Information.* The Exchange will publish daily information on settlement prices, volume, open interest and opening and closing ranges for actively traded Contracts on its website. The Exchange's volume information will include information on the volume of Block Trades.

- *Execution of Transactions.* The Exchange operates an electronic trading facility that provides Futures Participants with the ability to execute Orders within the Exchange's Order Book and offers within a predetermined automated trade matching and execution algorithm. Orders submitted into the Trading System will continue to be matched in either Price-Time priority or Size Pro-Rata priority order, as specified by the Exchange. The Exchange specifies the types of Orders that will be accepted by the Trading System in Chapter IV, Section 4. Finally, the Exchange separately describes its Rules for executing transactions outside of the Order Book, such as Block Trades and exchange for related positions (EFRPs), in Chapter IV, Sections 10 and 11 respectively.

- *Trade Information.* As previously described, the Exchange has established audit trail processes that capture trading information to facilitate the Exchange's trade practice and market surveillance activities. The audit trail program is based on original source documents that are unalterable, sequentially identified records. The audit trail contains a history of all Orders as well as other identifying information. All data gathered as part of the audit trail is maintained in accordance with the Commission's recordkeeping requirements and in a manner that does not allow for unauthorized alteration, erasure or other potential loss.

- *Financial Integrity of Transactions.* The Exchange's Rules provide that all matched trades generated by the Trading System, after the application of pre-trade risk parameters, will be automatically submitted to the Clearing Corporation as described in Chapter V, Section 2. Chapter II, Section 1 of the Exchange's Rules requires that all Futures Participants must be members of the Clearing Corporation either directly or indirectly. Futures commission merchants (FCMs) must maintain an account directly with the Clearing Corporation. Clearing Futures Participants are required to guarantee all trades transacted on NFX on behalf of itself, its Customers and Non-Clearing Futures Participants. Clearing Futures Participants must guarantee and assume financial responsibility for all Exchange Contracts of each Futures Participant guaranteed by it, and will be liable for all trades made by that Futures Participant. The Exchange requires a similar guarantee for Authorized Customers submitting trades into the Trading System via Direct Access pursuant to Chapter V, Section 4. The Exchange's Rules governing minimum financial requirements and protection of Customer funds are set forth in Chapter III.

- *Protection of market participants.* Chapter III of the Exchange's Rulebook contains prohibitions precluding intermediaries from

disadvantaging their customers. These rules apply to trading in all Contracts.

There were no opposing views among the Exchange's Board of Directors, members or market participants. The Exchange hereby certifies that Chapter I, Sections 1, 3 and 7; Chapter II, Sections 2, 3, 5, 7 and 8; Chapter III, Sections 4, 6, 8, 9, 11 - 16, 19, 24 - 26, 28 and 29; Chapter IV, Sections 1-7, 9 - 13; Chapter V, Sections 1, 2, 4, 6, 8, 11, 13 and 19; Chapter VI, Sections 1, 2, 4-7, 11, 20, 22 and 24; Chapter VII, Section 1 and Chapter VIII comply with the Commodity Exchange Act and regulations thereunder. The Exchange also certifies that a notice of pending certification with the Commission and a copy of this submission have been concurrently posted on the Exchange's website at www.nasdaqomx.com/nasdaq-futures.

If you require any additional information regarding the submission, please contact Angela S. Dunn at +1 215 496 5692 or via e-mail at angela.dunn@nasdaq.com. Please reference SR-NFX-2015-35 in any related correspondence.

Regards,



Daniel R. Carrigan
President

cc: National Futures Association
The Options Clearing Corporation

Exhibit A

New text is underlined and deleted text is stricken.

NASDAQ Futures—Rules

DEFINITIONS

Chapter I Definitions and Governance of the Exchange

Section 1 Definitions

Unless otherwise specifically provided in the By-Laws or Rules of the Exchange or the context otherwise requires, the terms defined herein shall for all purposes of the By-Laws and Rules of the Exchange, have the meanings therein specified.

* * * * *

Block Trade. The term "Block Trade" shall mean transactions entered into by a Futures Participant which are outside the Trading System, at prices mutually agreed, provided all of the conditions of Chapter IV, Section ~~4011~~ are satisfied and to the extent permitted by the rules governing the applicable Contract.

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~~**Clearing Account Type Indicator.** The term "Clearing Account Type Indicator" means one of three indicators, "C," "F," or "M", assigned by a Futures Participant to an Order by a Futures Participant which designates the applicable clearing account type for any transaction as defined by Article VI, Section 3 of the by laws of the Clearing Corporation.~~

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Combination Order. The term "Combination Order" means an Order to simultaneously buy and/or sell at least two contracts in one or more Contracts in a form accommodated by the Trading System. All legs of a Combination Order are acquired simultaneously and must be for the same account or accounts with the same beneficial ownership. The Exchange will accept a Combination Order of up to four (4) legs. These types of Orders may also be referred to as "Strategies." Combination Orders may trade within the Order Book or the Combination Order Book.

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Equilibrium Price. The term "Equilibrium Price" means, with respect to the uncross, the price at which the ~~most quantity~~ lowest imbalance will execute with ~~the lowest imbalance~~ the most quantity, at a price closest to: (i) the last price; (ii)

the prior day's Daily Settlement Price; or (iii) a price determined by NFX Market Operations. The Equilibrium Price will include Limit Orders, ~~Market-to-Limit Orders~~ and Quotes and will exclude Market Order, Market-to-Limit Order, Stop, Stop Limit Orders, Implied Orders, Immediate or Cancel Orders, and Fill or Kill Orders.

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Implied Orders. The term "Implied Orders" means Orders that are automatically generated by the Trading System from a derived price. An "Implied Out Order" derives its price and quantity from resting Combination Strategy Orders and the aggregate of the respective legs which are at the best price for a Contract. An "Implied In Order" derives its price and quantity from the net differential from the best prices as between two contract months for a Contract. An Implied Order cannot be an FOK or IOC.

* * * * *

Order. The term "Order" means any bid or offer. An Order may be a Market Order, Limit Order, Market-to-Limit Order, Stop Order, Stop Limit Order, Iceberg Order, TAS Order, Combination Order, ~~or Implied Order or Linked Order.~~ Each Order may include one of the following time conditions: Day; Good till Canceled (GTC); Good till Dated (GTD); Fill or Kill (FOK) and Immediate or Cancel (IOC), except Market Orders which may be FOK or IOC, Implied Orders which may not be FOK or IOC and a Linked Order may not be GTC or GTD. These Orders shall have the respective meanings set forth in Chapter IV, Section 4, as well as any other types of Orders that may be approved by the Exchange from time to time. The term Order shall also refer to a Quote, except with respect to Combination Orders.

* * * * *

Section 3 Emergency Action

(a) – (c) No change.

(d) When the Committee determines that an emergency exists, the Committee may take immediate emergency action or place into immediate effect a temporary emergency rule. Any such action or rule may provide for, or may authorize the Exchange to undertake actions necessary or appropriate to respond to the Emergency, including taking such market actions as may be directed by the Commission and also including such actions as:

- (i) limiting trading to liquidation only, in whole or in part;
- (ii) extending or shortening the expiration date for trading in contracts;
- (iii) extending the time of delivery;

- (iv) changing delivery points and/or the means of delivery;
- (v) ordering the liquidation of contracts, the fixing of a settlement price or the reduction in positions;
- (vi) ordering the transfer of contracts and the money, securities, and property securing such contracts, held on behalf of Customers by a Futures Participant to another Futures Participant, or other Futures Participants, willing to assume such contracts or obligated to do so;
- (vii) extending, limiting or changing hours of trading;
- (viii) suspending or curtailing trading in any contract;
- (ix) requiring ~~market participants~~ Clearing Futures Participants in any contract to meet special margin requirements; or
- (x) modifying or suspending any provision of the By-Laws or Rules of the Exchange.

Such actions may be carried out through the Exchange's agreements with its third-party providers of clearing or regulatory services, if applicable. In situations where a contract is fungible with a contract on another platform, emergency action to liquidate or transfer open interest must be as directed, or agreed to, by the Commission or the Commission's staff.

(e) – (g) No change.

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Section 7 Disclosure and Trading by Exchange Employees, Consultants, Directors and Committee Members

(a) and (b) No change.

(c) Employee Transactions. No employee of the Exchange or any affiliate of the Exchange may purchase or sell for his/her own account or for the account of others any commodity interest where the employee has access to material nonpublic information concerning such commodity interest.

(d) No change.

••• *Commentary:* ----- No change.

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Chapter II Membership Rules

Section 2 Application Procedures

(a) Every applicant shall file an application in writing with the staff of the Exchange in such form as the Exchange may prescribe, and shall submit such information as the Exchange may direct. The Exchange may determine an applicant fails to meet such qualifications as the Exchange may from time to time determine are in the best interests of the Exchange and for such cause as the Exchange reasonably may decide.

(b) The Exchange will notify applicants of acceptance or denial within 30 business days of their application. Absent a showing of good cause, an application filed pursuant to this Rule shall lapse after a 90 calendar day period if an applicant fails to provide the requisite documentation provided for in this Rule or any subsequent written request for information or documents pursuant to this Rule within such time period agreed to by the Exchange Membership Department. If such time period elapses, an applicant shall be required to file a new application pursuant to this Rule.

Section 3 Denials ~~and~~ Condition of Membership

(a) If the Exchange determines that the applicant not be admitted as a Futures Participant, the applicant shall be notified in writing of the reasons therefor and may, within fifteen (15) days of the receipt thereof, file a request with the Executive Committee for its consideration of ~~his~~ the applicant's application, together with a written statement in such form as the Executive Committee may prescribe setting forth ~~his~~ the applicant's opinion as to why the Exchange's decision is in error or insufficient to preclude ~~his~~ the applicant's admission.

(b) No change.

(c) If the Executive Committee votes unfavorably upon the applicant, the applicant shall be notified in writing of the specific grounds for denial and shall have a right to a hearing before the Executive Committee thereon by filing with the Exchange's designated department a written request therefor within ten (10) days after the serving of such notice. The applicant shall be entitled to appear personally at such hearing. The Exchange shall also be represented at the hearing. The Exchange staff shall identify the specific facts put into issue by the application, and with respect to those facts only, both the applicant and the Exchange staff may produce witnesses and other evidence relevant to the grounds for disapproval of the application and they may examine and cross-examine any witnesses so produced. The applicant shall have the right to be represented by legal counsel or any other representative of ~~his~~ applicant's choosing before the Executive Committee.

(d) If the applicant does not timely file a written request (1) with the Executive Committee for its consideration of ~~his~~ the application or (2) with the Exchange's designated department for a hearing, the Exchange staff shall take appropriate action with respect to the application and shall notify the applicant of such action, which action shall be the final action of the Exchange upon the serving of such notice.

(e) The Exchange shall make a record of any proceedings conducted under this Rule. The record need not be transcribed unless a transcript is requested by the Commission staff or the applicant, or the decision of the Executive Committee is reviewed by the Board of Directors or the Commission. If an applicant requests a transcript or applies for and is granted review of applicant's membership denial by the Board of Directors or the Commission, the cost of transcribing the record of the hearing shall be borne by the applicant.

(f) In the event of a favorable vote by the Executive Committee, the applicant shall be sent written notice thereof and applicant's admission as a Futures Participant shall become effective.

(g) No change.

(h) If the applicant petitions the Board of Directors for review of the Executive Committee's decision, such petition shall consist of a copy of the record of the hearing before the Executive Committee and a written statement setting forth applicant's opinion as to why the Executive Committee's decision is in error or insufficient to preclude applicant's admission as a Futures Participant. After service upon it of such petition, the Board may, on its own motion, decide to review the matter. Should the Board decide to review the matter, such review shall be conducted solely on the record of the hearing before the Executive Committee and the Board shall thereafter issue a decision by vote of a majority of its members either affirming or reversing the decision of the Executive Committee which shall be a final decision of the Exchange. If the Board takes no action on a petition for review of a decision of the Executive Committee for ninety (90) days after service upon it of such a petition, the decision of the Executive Committee shall become a final decision of the Exchange.

(i) – (k) No change.

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Section 5 Approval and Termination of Permits

(a) No applicant shall be approved as Futures Participant unless the application is approved by the Exchange or the Executive Committee pursuant to the procedures set forth in Chapter II, Sections 2 and 3.

(b) – (d) No change.

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Section 7 Exchange's Costs of Defending Legal Proceedings

Any Futures Participant, Authorized Customer or person associated with ~~any of~~ the foregoing who fails to prevail in a lawsuit or other legal proceeding instituted by such person or entity against the Exchange or any of its board members, officers, committee members, employees, or agents, and related to the business of the Exchange, shall pay to the Exchange all reasonable expenses, including

attorneys' fees, incurred by the Exchange in the defense of such proceeding, but only in the event that such expenses exceed \$50,000.00. This provision shall not apply to disciplinary actions by the Exchange, to administrative appeals of Exchange actions or in any specific instance where the Board has granted a waiver of this provision. This provision does not waive any protection or limitation of liability afforded the Exchange under the Rules of the Exchange, the Services Agreement, or any applicable statutory or common law.

Section 8 Limitation of Exchange Liability and Reimbursement of Certain Expenses

(a) Except as provided for in paragraph (b) below or by the Act, the Exchange and its current, past, and future affiliates, and their current, past, and future officers, directors, employees, and agents, shall not be liable to any Person (including, but not limited to Customers) for any losses, damages, expenses, or other claims (including but not limited to loss of profits, loss of use, loss of goodwill, and direct, indirect, incidental, consequential, special, or punitive damages even if they were known or foreseeable) arising out of the Trading System Complex or its use or attempted use (including but not limited to losses, damages, expenses, or other claims arising out of (i) the accuracy, timeliness, completeness, reliability, performance, or continued availability of the Trading System Complex and information provided through it, (ii) errors, defects, delays, omissions, or interruptions in the Trading System Complex and information provided through it, (iii) the creditworthiness of any Futures Participant, (iv) the acts or omissions of any users authorized by a Futures Participant to use or access the Trading System Complex on behalf of a Futures Participant, or (v) any unauthorized access to, unauthorized use of, or misuse of the Trading System Complex by any person). Any losses, damages, expenses, or other claims related to a failure of the Trading System Complex to receive, cancel, store, display, match, report, deliver, display, transmit, execute, confirm, compare, submit for clearance and settlement, adjust, retain priority for, or otherwise correctly process an order, Quote/Order, message, or other data entered into, or created by, the Trading System Complex shall be absorbed by the Futures Participant, or the Futures Participant sponsoring the customer, that entered the order, Quote/Order, message, or other data into the Trading System Complex. The foregoing shall apply regardless of whether a claim is asserted in contract, tort, negligence, strict liability or otherwise.

(b) The Exchange, subject to the express limits set forth below, may compensate users of the Trading System Complex for losses directly resulting from the actual failure of the Trading System Complex to correctly process an order, Quote/Order, message, or other data, provided the Trading System Complex has acknowledged receipt of the order, Quote/Order, message, or data.

(1) For the aggregate of all claims made by all ~~market participants~~ Futures Participants related to the use of the Trading System Complex during a single calendar month, the Exchange's payment shall not exceed the larger of \$200,000 or the amount of the recovery obtained by the Exchange under any applicable insurance policy.

- (2) In no event shall the Exchange's total payment during a single calendar month pursuant to this rule exceed the amount determined pursuant to this rule.
 - (3) In the event all of the claims arising out of the use of the Trading System Complex cannot be fully satisfied because in the aggregate they exceed the maximum amount of liability provided for in this Rule, then the maximum amount will be proportionally allocated among all such claims arising during a single calendar month.
 - (4) All claims for compensation pursuant to this Rule shall be in writing and must be submitted no later than 12:00 P.M. ET on the next business day following the day on which the use of the Trading System Complex gave rise to such claims. Nothing in this rule shall obligate the Exchange to seek recovery under any applicable insurance policy. Nothing in this rule shall waive the Exchange's limitations on, or immunities from, liability or suit as set forth in its Rules or agreements (including but not limited to the Services Agreement), or that otherwise apply as a matter of law.
- (c) – (g) No change.

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Chapter III Obligations of Futures Participants and Authorized Traders

Section 4 Segregation and Secured Requirements

(A) All Futures Participants must comply with the requirements set forth in CFTC Regulations 1.20 through 1.30, 1.32, and 30.7. This includes, but is not limited to, the following:

- (1) Maintaining sufficient funds in segregation or set aside in separate accounts;
- (2) Computing, recording and reporting completely and accurately the balances in the:
 - (a) Statement of Segregation Requirements and Funds in Segregation; and
 - (b) Statement of Secured Amounts and Funds Held in Separate Accounts;
- (3) Obtaining satisfactory segregation and separate account acknowledgement letters and identifying segregated and separate accounts as such; and
- (4) Preparing complete and materially accurate daily segregation and secured amount computations in a timely manner.

~~(B) Exchange staff may prescribe additional segregation and secured amount requirements.~~

([C]B) All Futures Participants must provide written notice to the Exchange's Regulatory Service Provider of a failure to maintain sufficient funds in segregation or set aside in separate accounts. The Exchange's Regulatory Service Provider must receive immediate written notification when a clearing member knows or should know of such a failure.

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Customer Protection Rules

Section 6 Registration

(a) No Futures Participant or Authorized Trader of the Exchange (~~including any Person that is affiliated with such Futures Participant~~), may solicit or accept from any other Person an Order for the purchase or sale of a Contract, unless such Futures Participant, or its respective affiliated Person, as the case may be, is registered in any required capacity in accordance with Applicable Law.

(b) Any Futures Participant or Authorized Trader that is required to be registered as a futures commission merchant, an introducing broker, a broker or a dealer shall comply with the provisions of Commission Regulations §155.3, §155.4 or §41.42(a) or Exchange Act Regulation §15c3-3, as applicable.

* * * * *

Section 8 Confirmations

Any Futures Participant or Authorized Trader that enters into a trade on behalf of a Customer shall promptly furnish, or cause to be furnished, to such Customer, no later than the Business Day immediately following the day on which such trade is entered into, a written confirmation of such trade in such form as the Exchange may from time to time prescribe, indicating the Contract bought or sold, the price, quantity, time of execution and such other information as the Exchange may require.

Section 9 Customer Statements

Each Futures Participant or Authorized Trader that enters into trades on behalf of Customers shall furnish, or cause to be furnished, as soon as practicable after the end of each month, a monthly statement of account to each of its Customers in accordance with applicable Commission Regulations or Exchange Act Regulations.

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Section 11 Transfer of Accounts

Upon written request from a Customer of his/her intention to transfer his/her account(s) from one Futures Participant to another, both Futures Participants shall expedite the transfer, provided that the transfer does not result in a change of ownership, in which case the transfer shall not be effected.

Section 12 Adjustment of a Customer Order

(a) No Futures Participant or Authorized Trader shall make any adjustment of a Customer's Order after the execution of such Order except to correct an error. ~~Any loss resulting from an error or mishandling of an Order for a Customer must be borne by the Futures Participant which made the error, and any profits resulting from the error or mishandling of an Order shall ensure to the benefit of the Customer.~~

(b) No change.

Section 13 Risk Disclosure Statement

Prior to opening an account for any Customer, a Futures Participant, ~~or~~ Clearing Futures Participant or Authorized Trader that is registered with the Commission as a futures commission merchant or introducing broker must provide such Customer with (a) a written disclosure statement in the form approved by the Exchange for purposes of Commission Regulation §1.55, (b) the Uniform Electronic Trading and Order Routing System Disclosure Statement required by NFA (or similar disclosure statement required by a foreign Governmental Authority to which such Member is subject), and (c) any other disclosure statement from time to time required by the Exchange.

Section 14 Fraudulent or Misleading Communications

No Futures Participant or Authorized Trader shall make any fraudulent or misleading communications relating to the purchase or sale of any Contract.

Section 15 Responsibility for Customer Orders

(a) A Futures Participant or Authorized Trader handling Orders for Customers shall exercise due diligence in the handling and execution of such Orders. Failure to act with due diligence shall constitute negligence. Futures Participants and Authorized Trader are prohibited from directly or indirectly guaranteeing the execution of an Order or any of its terms such as the quantity or price; provided that this sentence shall not be construed to prevent a Futures Participant or Authorized Trader from assuming or sharing in any losses resulting from an error or the mishandling of an Order.

(b) No Futures Participant or Authorized Trader shall adjust the price at which an Order was executed, nor shall it be held responsible for executing or failing to execute an Order unless such Futures Participant or Authorized Trader, as the case may be, was negligent or is settling a bona fide dispute regarding negligence, or as otherwise permitted by the policies and procedures referred to in Chapter V, Section 5 (Transaction Nullifications or Modifications).

Reporting

Section 16 Reportable Positions

Each Futures Participant required to file any report, statement, form, or other information with the Commission pursuant to Commission regulations Part 15, 17, 18 or 20 concerning any Contract(s) must simultaneously file a copy thereof with the Exchange. Each Futures Participant must submit the report, statement, form, or other information to the Exchange in the form and manner designated by the Exchange.

• • • Interpretations and Policies:-----

.01 Large Trader Reports. Each Futures Participant shall submit to the Exchange daily reports of all Large Trader Reporting Levels as set forth by the Exchange. Positions at or above the reportable level in a particular expiration month of a futures contract trigger reportable status. For a person in reportable status in a particular contract, all positions, regardless of size, in any futures contract month must be reported.

Additionally, the daily Large Trader Reporting submission to the Exchange must include for each reportable account the EFRP volume bought and sold in the reportable instrument, by contract month.

Failure by an omnibus account or foreign broker to submit required information may result in a disciplinary proceeding and result in limitations, conditions or denial of access of such omnibus account or foreign broker to any Exchange market. Notwithstanding the above, Clearing Futures Participants carrying such accounts remain responsible for obtaining and providing to the Exchange information regarding the ownership and control of positions in circumstances where an omnibus account or foreign broker has failed to provide the information to the Exchange.

All large trader reports shall be submitted in a form acceptable to the Exchange, which may require that more than one large trader report be submitted daily.

Clearing Futures Participants, omnibus accounts and foreign brokers must provide the Exchange with the required CFTC Form 102A, and 102B ~~and/or Form 102S~~ ("~~Identification of Special Accounts~~") accurately identifying the owners, controllers, controlled accounts and any additional information required for each

reportable account within three Business Days of the first day that the account in question becomes reportable. Notwithstanding the three Business Day requirement, on the first day that an account becomes reportable, Clearing Futures Participants, omnibus accounts and foreign brokers must, at the direction of the Exchange, submit the following information: account type, reportable account number and names and addresses of the owners and controllers of the account.

Any material changes to the information previously provided to the Exchange will require the submission of a revised form within three Business Days of such changes becoming effective. Additionally, in the absence of any material changes, the Exchange may require the submission of a new form on a biennial basis for the maintenance of accurate records.

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Section 19 Exchange Access to Position Information

~~(a)~~ Without limiting any provision of these Rules, the Exchange shall have the authority to obtain from any Futures Participant information with respect to positions of such Futures Participant or any Customer of such Futures Participant. This authority shall include the authority to obtain information concerning positions maintained at other firms, and it shall be the obligation of a Futures Participant receiving such an inquiry to obtain such information from its Customer. In particular, the Exchange shall have the authority to obtain information on the activities of Futures Participants and their Customers in the reference market where an Exchange Contract is settled by reference to the price of a contract or commodity traded in another venue, including a price or index derived from prices on another designated contract market or on a foreign board of trade. In the event a Futures Participant fails to provide the requested information the Exchange, in addition to any other remedy provided in these Rules, may order that the Futures Participant liquidate the positions which are related to the inquiry.

~~(b) Any Futures Participant which owns, controls or carries for any Customer a reportable position (as such term is used in Chapter III, Section 16) in any Contract that is cash settled by reference to the price of a contract or commodity traded in another venue, including another designated contract market, shall submit to the Exchange or its Regulatory Services Provider such position information which such Futures Participant or its Customer owns or controls in the reference contract or commodity on such other venue, in such form and manner as may be specified by the Exchange.~~

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Business Conduct

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Section 24 General Trading Standards and Prohibited Practices

(a) – (e) No change.

(f) No Futures Participant shall accept or submit any Order to or through the Trading System for an employee, agent, or other Person acting on behalf of another Futures Participant, or its associated Authorized Traders, without the prior written consent of ~~that~~such other Futures Participant, which is filed with the Exchange. If an Order for another Futures Participant results in a transaction, then the Futures Participant through which the Order is submitted to the Trading System must promptly send a duplicate confirmation of the transaction to the Person providing the prior written consent ~~of~~to the other Futures Participant.

(g) Futures Participants and Authorized Traders shall not:

(1) No change.

(2) Engage in pre-arranged transactions other than transactions executed in compliance with Chapter IV, Sections ~~10~~11 (Block Trades) and 11 (Exchange for Related Positions) and Chapter V, Section ~~11~~12 (Pre-Negotiated Business and Cross Transactions); or

(3) and (4) No change.

Section 25 Adherence to Law

No Futures Participant or Authorized Trader (~~including its Related Parties~~) shall engage in conduct in violation of Applicable Law, the Rules of the Exchange, the Rules of the Clearing Corporation (insofar as the Rules of the Clearing Corporation relate to the reporting or clearance of any transaction in Contracts) or any agreement with the Exchange.

Section 26 Sales Practice Rules

Without limiting the generality of Section 25, each Futures Participant and Authorized Trader (~~including its related parties~~) shall comply with any and all sales practice rules (including those relating to bunched Orders, opening and approval of accounts, suitability, use of discretion, supervision of accounts, risk disclosure document delivery, communications, monthly statements and confirmations, registration, qualification and continuing education, Customer complaints, prohibition against guarantees and profit sharing and money laundering) from time to time promulgated by the National Futures Association or rules which are hereby incorporated by reference.

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Section 28 Use of Trading Privileges

Neither a Futures Participant nor Authorized Traders ~~any of its Related Parties~~ may access the Exchange in any way which could be expected to bring disrepute upon such Futures Participant or the Exchange.

Section 29 Supervision

Each Futures Participant shall be responsible for establishing, maintaining and administering reasonable supervisory procedures to ensure that its Authorized Traders ~~Related Parties~~ and Customers comply with Applicable Law, the Rules of the Exchange and the Rules of the Clearing Corporation. A Futures Participant may be held accountable for the actions of its Authorized Traders.

Chapter IV Trading System

Section 1 Listed Contracts

The Exchange shall determine which Contracts are available for trading subject to the Rules of the Exchange from time to time, and approve Rules containing the specifications for such Contracts; provided that certifications or applications with respect to such Rules shall be submitted to the Commission as required by the Act and the Commission Regulations thereunder. All trading in Exchange Contracts must occur on or through Exchange facilities and in accordance with Exchange rules.

Section 2 Trading Days and Hours

(a) Except as provided in Chapter V, Sections 16 and 19 in this Chapter, the Exchange shall determine and post on its website the days on which the Exchange is open for business, the opening and closing hours of the market, and the opening and closing trading times for each Contract. The Exchange shall from time to time determine the Exchange's Business Days and Trading Hours. The Exchange's Trading Hours shall include any regular Trading Hours under the rules governing the relevant Contract. Except to the extent expressly permitted by the Rules of the Exchange, no Futures Participant shall make any bid or offer for, or engage in any transaction in, any Contract before or after such Trading Hours. Block and exchange for related position ("EFRP") transactions are permitted outside of Trading Hours pursuant to Chapter IV, Sections ~~4011~~ and ~~4112~~.

(b) and (c) No change.

Section 3 Trading Sessions

(a) Pre-Open Session. Prior to the opening of a Trading Session for an Exchange Contract there will be a Pre-Open Trading Session which concludes with a two sided auction (uncross) prior to the Open Session. During ~~this session~~ the Pre-Open Session a Futures Participant may enter Orders (which includes Quotes) which may be modified and canceled during the session. Orders will be time-stamped and queued until the end of the Pre-Open Trade Session. During the Pre-Open Trade Session, pre-existing GTC and GTD Orders may be modified or

canceled. Market Orders and Cross Orders will not be accepted during the Pre-Open Session. Any Order with a Time in Force Condition of FOK or IOC would also be rejected during the Pre-Open Session.

(b) and (c) No change.

(d) Post Close Session. At the end of the Close Session, a Post Close Session will commence. During the Post Close Session, Futures Participants may ~~not~~ modify and cancel Orders.

Section 4 Acceptable Orders

Orders entered into the Trading System for display and/or execution, as appropriate, are executable against marketable contra-side Orders in the Trading System.

(a) Types of Orders accepted by the Trading System are as follows:

(i) - (vii) No change.

(viii) Combination Orders.

(i) Combination Orders or "Combination Strategies" will be traded in a separate Order Book pursuant to the Rules in Chapter IV, Section 5. The Combination Order Book will not accept Quotes, only Orders will be accepted into the Combination Order book. Combination Orders may be originated (adding Expiries, Contracts and trading symbols), by either: (i) the Exchange; or (ii) a Futures Participant or its Authorized Traders or Authorized Customers. Combination Orders ~~may~~will first execute against respective legs of Orders before executing against other Combination Orders ~~or they may execute against the respective legs of Orders~~ within the Combination Order Book. Combination Orders shall not update the prices of the respective legs of such Combination Orders in their respective Order Book. The Exchange will disseminate Combination Orders through ITCH and FIX protocols.

(ii) Types of Combination Orders accepted by the Trading System, which may not exceed four (4) legs, are as follows:

(a) – (l) No change.

(iii) No change.

(ix) and (x) No change.

(xi) Linked Order. A "Linked Order" consists of a single message with two or more dependent Orders with the same quantity and Time in Force Conditions for each Order. An execution of one of the Linked Orders will result in an equal reduction in the quantity of all remaining Orders which are linked to that Order.

The Orders in the Linked Order message will be separately executed and will be separately reported. A cancellation or rejection which impacts one or more Orders of the Linked Order will result in the cancellation or rejection of all unexecuted Orders that are part of the Linked Order. Buy Orders and sell Orders cannot be combined in a Linked Order. A Linked Orders cannot have a Time in Force Conditions of GTC or GTD. A Linked Order may not be a Combination Order or an Iceberg Order. A Linked Order may contain a maximum of ten (10) Orders in a single message.

(b) Time in Force Conditions accepted by certain Orders are as follows:

(i) – (iv) No change.

(v) Immediate or Cancel Order. An "Immediate or Cancel Order" or "IOC Order" is a designation added to a Market Order or Limit Order which will automatically cancel the Order unless it is executed in whole or in part upon its receipt. If there is a partial execution, the remainder of the Order will be cancelled.

Section 5 Execution of Orders

(a) No change.

(b) The Exchange shall designate for each Contract, and Trading Session as applicable, one of the following Order execution algorithms which shall apply to the execution of Orders by the Trading System:

(i) No change.

(ii) Size Pro-Rata Priority Order execution algorithm. The Trading System shall execute Orders within the Trading System in price priority, meaning the Trading System will execute all Orders at the best price level within the Trading System before executing Orders at the next best price. Within each price level, if there are two or more Orders at the best price, an Order will be executed based on the size of each Futures Participant's Order as a percentage of the total size of all Orders resting at that price. Rounding shall be down to the nearest integer.

(c) Cancel Replace Orders. Any Order that has been entered into the Exchange's Trading System may be modified ~~or cancelled~~ while on the Order Book. Only if the volume is reduced for an Order held in the Order Book will it retain its position in the time-priority queue, otherwise an Order is treated as a new Order for purposes of the time-priority queue.

(d) and (e) No change.

Section 6 Trading at Settlement ("TAS") Order

A Trading at Settlement ("TAS") Order is an Order to buy or sell a stated quantity of the relevant Contract at a price expressed as a differential (which may be zero)

above or below the Daily Settlement Price for the Contract on the trade date on which the TAS Order is executed. For purposes of this Rule, the term trade date means the day on which the TAS transaction occurred, except that the trade date in respect of trades effected in a trading session beginning on one calendar day and ending on the next calendar day shall be deemed to be the calendar day on which the trading session ends. TAS Orders may be priced in increments (plus or minus) of up to 10 minimum trading increments from the Daily Settlement Price. A TAS transaction executed at a zero differential will be filled and cleared at the Daily Settlement Price for the trading day.

(a) No change.

(b) Quantity. Contracts eligible for TAS executions are permitted in any minimum quantity or as Block Trades pursuant to the requirements of Chapter IV, Section ~~4011~~.

(c) No change.

(d) For purposes of TAS transactions, the term Daily Settlement Price as used in this Section 6 shall mean the Daily Settlement Price first announced by the Exchange for the trade date on which the TAS Order is executed, and shall not mean the Daily Settlement Price as it may later be revised by the Exchange for other purposes.

Section 7 Pre-Trade Risk Parameters

(a) No change.

(b) When pre-trade risk parameters have been met or exceeded, the Exchange's Trading System will reject all new Orders (~~which including~~ Quotes). The Trading System will not accept an Order if that Order, in its entirety, would cause the pre-trade risk parameters to be met or exceeded ~~pre-trade risk parameters~~. The Trading System could accept new Orders if the Futures Participant canceled existing Orders, but only to the extent that the pre-trade risk parameter was not met or exceeded.

(c) Futures Participants or Authorized Customers may cancel all active, open Orders ("Kill Switch"). The Futures Participant or Authorized Customer would be required to designate Authorized Traders whose Orders (including Quotes) would be subject to the mass cancellation. Once the Futures Participant or Authorized Customer has designated those Authorized Traders whose accounts would be affected, the initiation of the Kill Switch would cause these Orders (including Quotes) to be cancelled. ~~Quotes will not be impacted~~. Futures Participants or Authorized Customers would need to re-enter any cancelled Orders (including Quotes).

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Section 9 Market Maker Risk Protection

(a) Market Makers may elect to enable certain risk protection mechanisms which result in the removal of a Market Maker's Quotes from the Trading System if certain pre-set parameters have been met or exceeded. For purposes of this Rule a Market Maker shall be defined as all affiliated Market Makers of either a Futures Participant or an Authorized Customer ("Group"). The Exchange offers two optional risk tools as noted below.

(b) Once the Market Maker commences submitting Quotes in a specified Contract, the Trading System will count the number of contracts executed during a period of time specified in seconds per Contract by the Market Maker ("Exposure Limit Time Interval"). A new Exposure Limit Time Interval commences with each execution in a Contract. A setting of zero will disable the Market Maker Risk Protection.

(1) Quantity Protection. A Market Maker may provide the Exchange with a volume threshold value which, if the number of contracts executed, equals or exceeds such value during the Exposure Limit Time Interval, the Trading System will remove all Group Quotes in a Contract. A setting of zero will disable this feature.

(2) Delta Protection. A Market Maker may provide the Exchange with a net delta value per Contract. The Trading System calculates the absolute value of (long call executions + short put executions) – (short call executions – long put executions), which if equals or exceeds the net delta value during the Exposure Limit Time Interval, the Trading System will remove all Group Quotes in a Contract. Market Makers may elect to also include Futures in that calculation per Contract. In this case, the Trading System calculates the absolute value of (long futures executions + long call executions + short put executions) – (short call executions – long put executions – short futures executions), which if equals or exceeds the net delta value during the Exposure Limit Time Interval, the Trading System will remove all Group Quotes in a Contract. A setting of zero will disable this feature.

(c) If the Market Maker's pre-set parameters have been met or exceeded in either the Quantity Protection or the Delta Protection, the Trading System will prevent new Quotes from being entered by the Group for the period of time specified in seconds per Contract by the Market Maker ("Quotation Frozen Time"). If an execution would cause the volume threshold or the net delta value to be met or exceeded, the Trading System completes the transaction prior to the removal of all Group Quotes in a Contract. A setting of zero will result in the Quotation Frozen Time Period setting to prevent Quotes from being entered for the remainder of that Open Session, unless the setting is modified.

(d) The Quantity Protection and Delta Protection risk mechanisms operate independently of each other. The Trading System will send a notification

message to the Market Maker when Quotes are removed as a result of either the Quantity Protection or Delta Protection mechanisms for a Contract.

Section 910 Self-Match Prevention

Futures Participants may elect that Orders not be executed against Orders entered on the opposite side of the market by its Authorized Traders. Authorized Traders of a Futures Participant may be grouped together for purposes of Self-Match Prevention. A Futures Participant's Authorized Customer may elect that Orders not be executed against Orders entered on the opposite side of the market by its Authorized Traders. If Self-Match is engaged, the last Order which is entered on the opposite side of the market at ~~the same~~ a price which is at or better than the affiliated Futures Participant's Authorized Trader's bid or offer will be ineligible to execute against that Order. The Order will not ~~would~~ be rejected unless the only contra-side interest resting on the book is from its affiliated Authorized Traders, and the Order may interact with other resting Orders on the Order Book. Self-Match Prevention is optional for Futures Participants. Authorized Traders of a Futures Participant and an Authorized Customer may not be grouped together for purposes of Self-Match Prevention. Self-Match Prevention is available each trading day during the Open Session.

Section 1011 Block Trades

The Exchange shall designate the Contract in which Block Trades shall be permitted and determine the minimum quantity thresholds for such transactions. The following shall govern Block Trades:

A. and D. No change.

E. Block Trades shall not ~~set-off conditional~~ trigger Orders with Time in Force Conditions or otherwise affect Orders in the Order Book.

F. Futures Participants must ensure that each Block Trade is reported to the Exchange within the number of minutes of the time of execution (the "Reporting Window") specified in the rules for the particular contract; except that Block Trades executed outside of Trading Hours must be reported within fifteen minutes of the commencement of the Open Session of Trading Hours on the next Business Day for that Contract, or in the case of a Trading Halt, reported within fifteen minutes of the commencement of the Open Session following the Trading Halt. If the Block Trade involves a Combination Order that includes certain legs subject to a 5 minute Reporting Window and other legs subject to a 15 minute Reporting Window, the reporting requirement for the transaction will be 15 minutes. The report must include the Contract, contract month, price, quantity of the transaction, the respective Clearing Futures Participants, the time of execution, and, for Options on Futures, strike price, put or call and expiration month. The Exchange shall promptly publish such information separately from the reports of transactions in the regular market. Failure to timely and accurately report Block Trades may subject the Futures Participant to disciplinary action.

~~G. Unless otherwise agreed to by the principal counterparties to the Block Trade, it is the obligation of the Futures Participant to report Block Trades. The Futures Participant must ensure that each Block Trade is reported to the Exchange within the number of minutes of the time of execution (the "Reporting Window") specified in the rules for the particular contract; except that Block Trades executed outside of Trading Hours must be reported within fifteen minutes of the commencement of the Open Session of Trading Hours on the next Business Day that Contract. The Block Trade report made to the Exchange must include the following information: Contract, contract month, price, quantity of the transaction, the respective Clearing Futures Participants, the time of execution, and, for Options on Futures, strike price, put or call and expiration month. Failure to timely and accurately report Block Trades may subject the Futures Participant to disciplinary action.~~

G. Block Trades must be reported to the Clearing Corporation in accordance with an approved reporting method. The acceptance by the Clearing Corporation of a Block Trade is subject to Article XII, Section VII of the Clearing Corporation's By-laws (Acceptance of Non-Competitively Executed Trades).

H. – J. No change.

K. Block Trades may be submitted to the Trading System with up to twelve (12) legs for Combination Orders.

Section 4112 Exchange for Related Positions

An Exchange for Related Position ("EFRP") transaction involves a privately negotiated off-exchange execution of an Exchange Futures or Options Contract and, on the opposite side of the market, the simultaneous execution of an equivalent quantity of the cash product, by-product, related product, or OTC derivative instrument corresponding to the asset underlying the Exchange Contract.

The following types of EFRP transactions are permitted to be executed outside of the Exchange's centralized market in accordance with the requirements of this rule:

Exchange of Futures for Physical ("EFP") - the simultaneous execution of an Exchange Futures contract and a corresponding physical transaction or a forward contract on a physical transaction.

Exchange of Futures for Risk ("EFR") - the simultaneous execution of an Exchange Futures contract and a corresponding OTC swap or other OTC derivative transaction.

Exchange of Option for Option ("EOO") - the simultaneous execution of an Exchange option contract

and a corresponding transaction in an OTC option or other OTC instrument with similar characteristics.

For purposes of this rule, EFPs, EFRs and EOOs shall collectively be referred to as EFRP transactions.

A. – G. No change.

H. Submission to the Clearing Corporation

Each EFRP transaction shall be submitted to the Clearing Corporation within the time period and in the manner specified by the Exchange and the Clearing Corporation in Appendix B of the Rulebook. In all cases, the record submitted to the Clearing Corporation must reflect the correct EFRP transaction type and must reflect the accurate date and time at which the relevant terms of the transaction were agreed upon by the parties to the trade.

The acceptance by the Clearing Corporation of any futures transaction that is identified as an EFRP is subject to Article XII, Section VII of the Clearing Corporation's By-laws (Acceptance of Non-Competitively Executed Trades). An EFRP transaction submitted to the Clearing Corporation shall not be considered accepted by the Clearing Corporation until the transaction has cleared and the first payment of settlement variation and performance bond has been confirmed.

I. and J. No change.

Section 1213 Trading Halts

(a) and (b) No change.

(b) (c) When a halt is initiated, the Trading System will complete the processing of trades that are in the course of being processed by the Trading System prior to the start of such a halt period, and reject all other Orders. The Exchange will issue a notification to the market of a halt. Once the halt is initiated, any new Orders, Quotes, cancellations or Order modifications submitted to the Trading System will be automatically rejected by the Trading System.

(d) The Exchange will issue a notification indicating the commencement of trading and conclusion of the Trading Halt. Trading will commence with an Open Session which will following a Pre-Open Session after a halt.

Chapter V Trading Procedures and Standards

Section 1 Authorized Traders and Trader IDs

(a) and (b) No change.

(c) Each Futures Participant, in a form and manner prescribed by the Exchange, shall include an assigned Trader ID with every Order from that Futures Participant that is submitted to the Exchange. Additionally, Futures Participants shall mark

each Order entered into the Exchange's Trading System with a CTI Code, and Origin Code ~~and Clearing Account Type Indicator~~ and such other information as may be prescribed by the Exchange (i) Each Futures Participant is responsible for all Orders submitted through its Futures Participant Exchange Account by any Persons associated with that Futures Participant. Each Futures Participant and Authorized Trader shall not knowingly enter, or cause to be entered bids or offers into the Trading System other than in good faith for the purpose of executing bona fide trades.

(d) Trader IDs are subject to the following requirements (except in relation to Automated Systems, with respect to which paragraph (e) below is applicable):

(i) Each Trader ID shall uniquely represent

(A) - (F) No change.

(ii) A Trader ID issued for a natural person may only be used by that natural person. A Trader ID issued for a natural person may not be used by any other natural person or entity and may not be used as the Trader ID for an Automated System.

(a) An Authorized Trader is responsible for transactions executed by or through the Futures Participant's Exchange Account. Each Authorized Trader ~~must sign a written statement provided by the Exchange whereby the Authorized Trader~~ consents to the jurisdiction of the Exchange and the Commission and agrees to observe and be bound by the By-Laws and Rules of the Exchange, the Act, Commission regulations and related requirements, and all Exchange regulatory and operational guidance and procedures. Among other duties and responsibilities that the Exchange may impose, an Authorized Trader must:

(1) – (3) No change.

(iii) No change.

(e) –(g) No change.

Section 2 Clearing

(a) and (b) No change.

(c) It is the responsibility of each Clearing Futures Participant that acts as a Clearing Futures Participant for an overnight trading session on the Exchange as defined by the Clearing Corporation (“OCC Overnight Trading Session”) to comply with any requirements of the Clearing Corporation to act in that manner (“OCC Overnight Trading Session Requirements”). If a transaction is executed or reported to the Exchange during an OCC Overnight Trading Session, including Block Trades and Exchange For Related Positions, and a Clearing Member for the

execution of the transaction is not in compliance with OCC Overnight Trading Session Requirements: (i) the transaction will be processed and given effect by the Exchange, subject to the Exchange's Error Trade Policy; and (ii) the Clearing Futures Participant will be subject to appropriate disciplinary action by the Clearing Futures Participant in accordance with the rules of the Clearing Corporation. The acceptance by the Clearing Corporation of any futures transaction that is identified as a Block Trade, EFRP or any other non-competitively executed trade is subject to Article XII, Section VII of the Clearing Corporation's By-laws (Acceptance of Non-Competitively Executed Trades).

(d) The Options Clearing Corporation's default rules and procedures will govern in the event of a default by a Clearing Futures Participant.

* * * * *

Section 4 Direct Access

Authorized Customers of any Clearing Futures Participant may access the Trading System as specified in this Rule.

“Direct Access” shall mean connecting directly to the Exchange, whereby Orders do not pass through the order management system (“OMS”) of a Futures Participant.

“Indirect Access” shall mean utilizing an approved and authorized Independent Software Vendor (“ISV”) and/or utilizing an OMS owned and/or controlled by a Futures Participant to access the Exchange’s Trading System. A Futures Participant or Authorized Customer that accesses the Trading System by such Indirect Access is subject to all of the Rules of the Exchange, including, without limitation, use of a Trader ID, audit trail requirements and the requirement that any such Futures Participant or Authorized Customer be guaranteed by a Clearing Futures Participant. Connectivity to the Trading System established by an ISV may not be used by the ISV itself for its own trading activities. Futures Participants or Authorized Customers utilizing Indirect Access shall be required to provide information of such relationships to the Exchange in a form as prescribed by the Exchange.

(a) – (c) No change.

(d) The Authorized Risk Officer will be required to designate pre-trade risk parameters as required by Chapter IV, Section 57.

(e) No change.

(f) The Clearing Futures Participant shall remain responsible, in accordance with these Rules, for the acts and omissions of any of its Authorized Customers, regardless of the level of risk controls set by the Clearing Futures Participant ~~and the approval of such risk controls by the Exchange.~~

(g) The Clearing Futures Participant is responsible for the financial obligations of each Authorized Customer for which it authorizes [d]Direct [a]Access with respect to all Orders entered and transacted as well as for compliance by the Authorized Customer with the Rules of the Exchange and compliance with Exchange procedures.

(h) With respect to each Authorized Customer for which a Clearing Futures Participant has authorized [d]Direct [a]Access, the Clearing Futures Participant shall: (i) take any and all actions requested or required by the Exchange with respect to such Authorized Customer, including, but not limited to, assisting the Exchange in any investigation into potential violations of Exchange Rules or of the Act, and requiring such Authorized Customer to produce documents, provide information, answer questions and/or to appear in connection with any investigation; (ii) suspend or terminate the Authorized Customer's access to the Exchange's Trading System if the Exchange determines that the actions of the Authorized Customer threaten the integrity or liquidity of any Exchange Contract, violate Exchange Rules or the Act, or if the Authorized Customer fails to cooperate in any investigation; (iii) suspend or terminate the Authorized Customer if the Clearing Futures Participant has reason to believe that the actions of the Authorized Customer threaten the integrity or liquidity of any Exchange Contract, violate the Rules or the Act, or if the Authorized Customer fails to cooperate in any investigation; and (iv) utilize such controls designed to facilitate the Clearing Futures Participant's management of financial risk as may be provided by the Exchange from time to time.

(i) – (l) No change.

(m) An Off-Exchange Reporting Broker may access the Trading System directly for the purpose of submitting transactions for reporting and clearing if the Off-Exchange Reporting Broker has received authorization from the Exchange and from a Clearing Futures Participant in a form prescribed by the Exchange. Off-Exchange Reporting Brokers may submit either Block Trades in accordance with Chapter IV, Section ~~40~~11 or Exchange for Related Position transactions in accordance with Chapter IV, Section ~~41~~12 and in accordance with other procedures and rules specified by the Exchange.

(i) A Clearing Futures Participant that approves an Off-Exchange Reporting Broker to submit either Block Trades or Exchange for Related Positions shall:

(1) – (11) No change.

(ii) An Authorized Customer granted access as an Off-Exchange Reporting Broker by a Clearing Futures Participant shall:

(1) No change.

(2) submit privately-negotiated transactions which are in accordance with the Exchange Rules governing Block Trades in accordance with Chapter IV, Section ~~4011~~ or Exchange for Related Position transactions in accordance with Chapter IV, Section ~~4112~~;

(3) – (9) No change.

* * * * *

Section 6 Market Makers

(a) Exchange staff shall approve the implementation of Market Maker programs, pursuant to which Market Makers would be authorized to maintain markets in those products designated by the Exchange. With the exception of allowable privately negotiated transactions executed in accordance with Chapter IV, Sections ~~4011~~ (Block Trades) and ~~4112~~ (Exchange For Related Positions), an individual responsible for performing the duties of a market maker pursuant to this Rule may not accept, hold or in any manner have possession or non-public knowledge of Orders for any other person, including knowledge of customer Orders, in the same or a related market. All contract months in the Contract and any related futures or options Contracts shall be considered to be the same or a related market for purposes of this Rule.

(b) – (e) No change.

(e) In approving any applicant as a Market Maker, the Exchange may place one or more conditions or limitations on the approval, including but not limited to conditions concerning the capital, operations or personnel of such applicant, satisfaction of market performance commitments or benchmarks by such applicant, and the number or types of Contracts which may be allocated to such applicant. Unless earlier terminated pursuant to subsection ~~(d)~~ below, approval to act as a Market Maker shall be for a one year period, after which the Market Maker may once again request approval to be a Market Maker pursuant to this rule for another year. There shall be no limit to the number of one year periods for which a Market Maker may request approval to act as a Market Maker.

(f) – (i) No change.

(j) The Exchange may terminate, place conditions upon or otherwise limit prior approval to act as a Market Maker or a Market Maker's allocation of Contracts, under any one or more of the following circumstances:

(i) if the Exchange finds in connection with an evaluation under paragraph ~~(g)~~ above that such performance as a Market Maker has been unsatisfactory;

(ii) – (iv) No change.

(k) No change.

~~(1) Market Makers shall have no obligation to submit bids and offers. However, when and if they are submitting bids and offers for which they are approved as a Market Maker, they are required to submit a two-sided market (bid and offer) in all Contracts unless a specific obligation is specified with respect to submitting a bids and offers for a Contract.~~

* * * * *

Section 8 Customer Order Error Correction Procedures

If a Futures Participant discovers an error in the handling of an Order for a Customer after the relevant trade is completed, and the Order cannot be executed in the market at a price which is better than or equal to that at which the Order should have been executed, such Futures Participant will make cash payments or other adjustments as are appropriate to rectify the error. Upon the request of a Futures Participant that failed to execute or made an error in executing or reporting a Customer Order, the Exchange may, in its sole discretion, permit the correction of the error to protect the interest of the Customer. Any violation of this Rule for the purpose of taking advantage of an Order or Orders will constitute conduct which is inconsistent with just and equitable principles of trade.

* * * * *

Section 11 Pre-Negotiated Business and Cross Transactions

(a) Except as otherwise provided for in Chapter IV, Section ~~4011~~, a Futures Participant may only execute cross transactions or seek to match an Order through pre-negotiation with itself or with its other Customers in accordance with this Rule.

(b) – (d) No change.

Section 13 Position Limits and Position Accountability

(a) **Limits.**

(i) and (ii) No change.

(iii) Any positions, intraday or otherwise, that exceed positions permitted under the Exchange's rules shall be deemed position limit violations.

(A) – (B) No change.

(C) A Customer who exceeds the position limits as a result of maintaining positions at more than one Clearing Futures Participant shall be deemed to have waived confidentiality regarding ~~his~~the Customer's positions and regarding the identity of the Clearing Futures Participant at which such positions are maintained. A Clearing Futures Participant carrying such positions shall not be in violation of this rule if, upon notification by the Exchange, it liquidates its pro-rata share of the position

exceeding the limits or otherwise ensures the Customer complies with the limits within a reasonable period of time.

(b) – (d) No change.

(e) Position Accountability.

(i) No change.

(ii) An order to reduce an open position may also be issued by the Chief Regulatory Officer or his/her designee, if he determines in his/her sole discretion, that such action is necessary to maintain an orderly market.

(iii) and (iv) No change.

* * * * *

Section 19 Trading Restrictions and Suspensions

(a) The President or his/her delegate is authorized at any time to restrict or suspend trading in any Contract if he believes that the restriction or suspension is necessary or appropriate to preserve market integrity, maintain fair and orderly trading, or otherwise further the public interest or for the protection of investors.

(b) Any trading restrictions or suspensions imposed pursuant to Section (a) may include without limitation:

(1) a change in the closing time and/or the time for determining the Daily Settlement Prices for that Trading Day; and/or

(2) a setting of Daily Settlement Prices by the President or his/her delegate based on the following:

(i) – (iii) No change.

(c) The President or his/her delegate may lift a trading restriction or suspension imposed by this Rule if the President or his/her delegate believes that trading can resume on a fair and orderly basis and the public interest is served.

(d) and (e) No change.

* * * * *

Chapter VI Disciplinary Rules

Section 1 Disciplinary Rules

(a) No change.

(b) A Futures Participant or a general partner, officer, director (or a person occupying a similar status or performing similar functions) of a Futures Participant or an Authorized Trader may be charged with any violation within the disciplinary jurisdiction of the Exchange committed by any person under his/her supervision or control or by the Futures Participant with which he is affiliated, as though such violation were its own. A Futures Participant may be charged with any violation within the disciplinary jurisdiction of the Exchange committed by its general partners, officers, directors, persons occupying a similar status or performing similar functions, or employees or by a Futures Participant, Authorized Trader or other person who is associated with such Futures Participant, as though such violation were its own.

(c) and (d) No change.

Section 2 Investigation and Authorization of Complaint

(a) – (d) No change.

(e) Notice and Statement. Prior to submitting its report, the staff shall notify the person(s) who is the subject of the report ("Subject") of the general nature of the allegations and of the specific provisions of the Commodity Exchange Act, rules and regulations promulgated thereunder, or the Certificate of Incorporation, By-Laws or Rules of the Exchange or any interpretation thereof or any resolution of the Board regulating the conduct of business on the Exchange, that appear to have been violated. The staff shall also inform the Subject that the report will be reviewed by the Committee. The Subject may then submit a written statement to the Committee concerning why no disciplinary action should be taken. To assist a Subject in preparing such a written statement, he shall have access to any documents and other materials in the investigative file of the Exchange that were furnished by him or his/her agents.

(f) No change.

* * * * *

Section 4 Answer

(a) A Respondent shall have fifteen (15) business days after service of the Statement of Charges to file a written answer thereto. The Answer shall specifically admit or deny each allegation contained in the Statement of Charges, and a Respondent shall be deemed to have admitted any allegation contained not specifically denied. The Answer may also contain any defense which a Respondent wishes to submit and may be accompanied by documents in support of ~~his~~Respondent's Answer or defense. A Respondent must state in ~~his~~Respondent's Answer whether he requests a hearing concerning the Statement of Charges. In lieu of requesting a hearing, a Respondent may request that the matter be decided upon written submissions, whereupon the Hearing Panel shall decide whether to grant such request and determine a schedule for each party to

make their respective submissions. A Respondent who does not request a hearing or that the matter be decided upon written submissions, shall be deemed to have waived ~~his~~Respondent's right to request a hearing or have ~~his~~Respondent's written submissions, other than the Answer and any documents in support of ~~his~~Respondent's Answer or defense, be considered by a Hearing Panel (as defined in Section 5). The Hearing Panel may thereafter prepare its decision in accordance with Section 8. A Respondent who does not so request a hearing shall be deemed to have waived ~~his~~Respondent's right to request a hearing and the Business Conduct Committee may thereafter prepare its decision in accordance with Section 8.

(b) In the event a Respondent admits a charge, fails to deny a charge or fails to file an Answer within the specified time, or has not within the specified time, requested and obtained from the Business Conduct Committee an extension of time to answer, the charges shall be considered to be admitted and the Business Conduct Committee may prepare its decision in accordance with Section 8. A hearing panel should impose a sanction for each violation found to have been admitted pursuant to Chapter VI, Section 10. Any sanction imposed by the Hearing Panel must be communicated to the Respondent in writing in accordance with Section 8. The decision shall state that Respondent may request a hearing solely on the sanctions as prescribed in Section 5. If Respondent does not request a hearing within the time stated in the notice, the Respondent will be deemed to have accepted the sanction.

Section 5 Hearing

(a) Hearing Panels.

1. Request for a Hearing—A hearing on the Statement of Charges shall, at the request of Respondent in ~~his~~Respondent's Answer, or upon motion of the Business Conduct Committee or Enforcement Staff, be held before a Hearing Panel composed of three persons, one of whom shall be public and qualify as a Public Director. Should the hearing be at the request of the Respondent, Exchange staff must provide written notice to the Chair of the Business Conduct Committee or the Chair's designee which requests the naming of a Hearing Panel within 5 business days of receiving Respondent's request for a hearing.

2. – 7. No change.

(b) and (c) No change.

••• Interpretations and Policies: -----

.01 Intervention. Any person not otherwise a party may intervene as a party to the hearing upon demonstrating to the satisfaction of the Hearing Panel that he has an interest in the subject of the hearing and that the disposition of the matter, may, as a practical matter,

impair or impede his/her ability to protect that interest. Also, the Hearing Panel may in its discretion permit a person to intervene as a party to the hearing when the person's claim or defense and the main action have questions of law or fact in common. Any person wishing to intervene as a party to a hearing shall file with the Hearing Panel a notice requesting the right to intervene, stating the grounds therefor, and setting forth the claim or defense for which intervention is sought.

.02 and .03 No change.

[-----]

Section 6 Summary Disciplinary Proceedings

(a) – (d) No change.

(e) If the Futures Participant, Authorized Trader, Authorized Customer or other person against whom a fine is imposed pursuant to this Rule pays the fine, such payment shall be deemed to be a waiver by such person of his/her right to a disciplinary proceeding under Sections 1-14 and any review of the matter by the Business Conduct Committee, an Exchange Hearing Panel, the Disciplinary Review Committee, or the Exchange Board of Directors.

(f) – (i) No change.

Failure to Comply with an Exchange Inquiry

No change.

Failure to Report Large Trader or Open Interest

No change.

Failure to Comply with Order Marking Requirement for Block Trades and Exchange for Related Positions (Chapter IV, Sections ~~1011~~ and ~~1112~~)

All data, records, and other information required by Exchange Rules to be reported to the Exchange must be submitted in an accurate, complete and timely manner. For purposes of this Rule, correct information must be received upon Block Trade and Exchange for Related Positions submission.

FINE SCHEDULE (Implemented on a three year running calendar basis.)

1st Occurrence	\$1,000.00
2nd Occurrence	\$2,500.00

3rd and Thereafter Sanction is discretionary with
Business Conduct Committee

Failure to Provide the Correct Order ID, Party Identifier or, Capacity of Customer Placing the Order or Type of Business Conducted.

No change.

Section 7 Offers of Settlement

(a) At any time during a period not to exceed 120 days immediately following the issuance of a Statement of Charges, a Respondent may submit to the Business Conduct Committee a written offer of settlement which shall contain a proposed stipulation of facts and shall consent to specified sanctions. Where the Business Conduct Committee accepts an offer of settlement, it shall issue a written decision and impose sanctions consistent with the terms of such offer and may not alter such offer without the consent of the Respondent. An Offer of Settlement may be approved with language which permits the Respondent to accept a sanction without either admitting or denying the rule violations upon which the sanction is based. The decision shall specify the rule violations the Business Conduct Committee has reason to believe were committed, the basis or reasons for the conclusions and any sanction to be imposed. If an Offer of Settlement is accepted without the agreement of the Enforcement Staff, the decision should adequately support the Hearing Panel's acceptance of the settlement. A Respondent may withdraw an Offer of Settlement at any time before final acceptance by the Business Conduct Committee. If an Offer of Settlement is withdrawn after submission, or is rejected by a Hearing Panel, the Respondent should not be deemed to have made any admissions by reason of the Offer of Settlement and should not be otherwise prejudiced by having submitted the Offer of Settlement. Sanctions shall be considered by the Business Conduct Committee in accordance with the considerations stated in Chapter VI, Section 10.

(b) No change.

(c) A decision of the Business Conduct Committee issued upon acceptance of an offer of settlement as well as its determination whether to accept or reject such an offer shall be final, and the Respondent may not seek review thereof. A copy of the decision shall be promptly served on the Respondents in accordance with Chapter VI, Section 11.

• • • Interpretation and Policies: -----

.01 If a Respondent submits an offer of settlement after the 120 day period, the Business Conduct Committee may consider such offer and determine appropriate sanctions as long as its consideration does not delay the hearing in the matter. If a Respondent submits an offer of settlement after the hearing has commenced, the Exchange staff shall promptly submit its position with respect to such offer of settlement. The Hearing Panel

shall then determine whether to consider the offer of settlement and, if considered, whether to accept or reject such offer.

* * * * *

Section 11 Service of Notice and Extension of Time Limits

(a) Service of Notice. Any charges, notices, or other documents may be served upon a Respondent either personally or by deposit in the United States mail, postage pre-paid via registered or certified mail or by courier service addressed to the Respondent at ~~his~~Respondent's address at it appears on the books and records of the Exchange. Unless otherwise stated in this Section, all documents required to be filed with the Exchange, the Board of Directors, the Regulatory Department, or an Exchange committee by a Respondent pursuant to this Section must be received by the Exchange on or before the day prescribed.

(b) No change.

* * * * *

Section 20 Hearing

At any hearing conducted under Section 18, the Business Conduct Committee shall determine the procedures to be followed, except that the following shall apply in every case:

(a) No change.

(b) The Futures Participant shall be allowed to be represented by counsel or any other representative of ~~his~~the Future Participant's choosing other than a person who is a subject of the same or a related investigation or disciplinary proceeding and, either personally or through such representative, to present witnesses and documentary evidence and to cross-examine witnesses.

(c) – (f) No change.

* * * * *

Section 22 Investigation of Financial Condition

Every Futures Participant suspended under the provisions of these member responsibility rules shall immediately afford every facility required by the Business Conduct Committee for the investigation of its affairs and shall, after the announcement of its suspension ~~pursuant to Section 10(e)~~, file with the Secretary of the Exchange a written statement covering all information required by said Committee, including a complete list of its creditors and the amount owing to each.

* * * * *

Section 24 Reinstatement of Suspended Futures Participant

(a) When a Futures Participant suspended under the provisions of these responsibility rules applies for reinstatement, notice thereof shall be sent by the designated department of the Exchange to each Futures Participant of the Exchange by posting a notice on the Exchange's website at least fourteen (14) calendar days prior to the consideration by the Executive Committee of said application. The applicant shall furnish to said Committee a list of creditors, a statement of the amounts originally owing and the nature of the settlement in each case. If satisfactory proof of settlement with all creditors is furnished, said Committee may approve ~~his~~applicant's reinstatement.

(b) No change.

* * * * *

Chapter VII Arbitration Rules

Section 1 Arbitration

Matters Subject to Arbitration; Incorporation by References

(a) – (c) No change.

(d) For purposes of this ~~rule~~Chapter I, Section 1, the term "Customer" means any person for or on behalf of whom a Futures Participant of the Exchange effects a transaction on or subject to the By-Laws and Rules of the Exchange, except another Futures Participant.

(e) – (g) No change.

* * * * *

Chapter VIII Options Rules

A.- O. No change.

P. Strike Price Listing Procedures

(1) In addition to strike prices authorized pursuant to other Rules or Resolutions, the President of the Exchange or his/her designee may direct that additional strike prices be added provided they may be listed only in increments consistent with the pricing for the underlying Futures Contract.

(2) No change.

* * * * *