MarketAxess SEF RULEBOOK

Effective as of September 1, 2021

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1. **APPENDIX A: CREDIT CONTRACTS TERMS AND CONDITIONS**

**Terms and Conditions**

**Terms and Conditions of Specific Products**

A copy of the terms and conditions for each product that will be listed on the MarketAxess SEF is attached as Appendix A. The terms and conditions applicable to all products listed for trading on the MarketAxess SEF are described below.

**Terms and Conditions Applicable to All Products Listed in Appendix A**

Each of the following terms and conditions applies to all products listed in Appendix A hereto:

* + The trading hours are 3:00 am – 5:30 pm EST Monday through Friday.
	+ Each contract has a minimum size of 10,000 and can be traded in increments of 1,000.
	+ There are no daily price limits.
	+ Price fluctuations are decimalized to six decimal points.
	+ There are no maximum price fluctuation limits.
	+ MarketAxess SEF Corporation will comply with the requirements of 17 C.F.R. 15.03 with respect to reportable levels.
	+ Pursuant to the MarketAxess SEF Corporation Rulebook, MarketAxess SEF Corporation has the authority to adopt position limits or position accountability levels. Currently, no speculative position limits are required by Parts 150 or 151 of the Commission’s regulations. Therefore, MarketAxess SEF Corporation has not adopted any position limits or position accountability levels.
	+ The cash settlement method is commonly used for credit default swaps and accepted by market participants. The cash settlement process will include the following payments:
		- * Fixed Quarterly Cash Payments: These payments are reflected in basis points and paid by the protection buyer to the protection seller.
			* Upfront Fee Payment: This fee is a portion of the payments, which is expressed in percentage points of the notional. The fee is present valued and paid immediately to the seller.
			* Contingent Payment: If there is a credit event (bankruptcy or failure to pay), payments related to the credit event settlement will be determined pursuant to the 2009 ISDA Credit Derivatives Determination Committees and Auction Settlement Supplement (i.e., the Big Bang Protocol).

**Explanation of Compliance with the CEA and Commission Regulations Thereunder**

MarketAxess SEF Corporation will continue to comply with the CEA and Commission regulations thereunder when listing the products included in Appendix A. MarketAxess SEF Corporation uses the indices described below to determine the exchange of cash flows for the products it intends to list. The indices listed below are highly liquid indices that are not readily susceptible to manipulation. The composition and weighting of each index is governed by Markit’s rules, making it extremely difficult to manipulate.

Each index used by the MarketAxess SEF Corporation for its contracts is a reliable indicator of market values and conditions. Each index is highly regarded by the industry. Markit calculates each referenced price index used by MarketAxess SEF Corporation. Markit uses business practices that minimize the opportunity or incentive to manipulate the cash-settlement price series. Furthermore, Markit’s cash-settlement calculation involves computational procedures that eliminate or reduce the impact of potentially unrepresentative data.

Markit Credit Indices are made up of the most liquid entities in the relevant single-name CDS market. The indices roll on a semi-annual basis, and the composition of each new series (a new index) is established based on a transparent set of rules designed to ensure that the current series tracks the most liquid instruments in the relevant market.