

**Aristotle Exchange DCO – Exhibit A-1  
General Information/Compliance**

**Attach as Exhibit A-1, a regulatory compliance chart setting forth each Core Principle and providing citations to the Applicant’s relevant rules, policies, and procedures that address each Core Principle, and a brief summary of the manner in which Applicant will comply with each Core Principle.**

Core Principle or Other Requirement	Aristotle Exchange DCO Rule, Policy or Procedure	Relevant Exhibit(s)
<b>Core Principle A – Compliance</b>		
<p>(i) <u>General</u>. To be registered and to maintain registration as a derivatives clearing organization, a derivatives clearing organization shall comply with each core principle described in this paragraph and any requirement that the Commission may impose by rule or regulation pursuant to section 8a(5).</p> <p>(ii) <u>Discretion of Derivatives Clearing Organization</u>. Subject to any rule or regulation prescribed by the Commission, a registered derivatives clearing organization shall have reasonable discretion in establishing the manner by which it complies with each core principle.</p> <p>(iii) <u>Chief Compliance Officer</u>. Each derivatives clearing organization shall establish the position of chief compliance officer, designate an individual to serve as the chief compliance officer, and provide the chief compliance officer with the full responsibility and authority to develop and enforce appropriate compliance policies and procedures.</p>	<p>Aristotle Exchange DCO (“Aristotle DCO”) is applying for registration as a derivatives clearing organization (“DCO”) by submitting Form DCO (the “Application”). Once registered, Aristotle DCO will comply with the DCO Core Principles. As demonstrated in this Application, Aristotle DCO had drafted its Rules, Compliance Manual, Business Continuity and Disaster Recovery Plan, Enterprise Risk Management Plan, and has designed Aristotle DCO’s clearing operations to be compliant with the DCO Core Principles and the Commodity Exchange Act, as amended, and other applicable Commission regulations promulgated thereunder.</p>	<p>This Application, including all exhibits and attachments.</p>

<p>(iv) <u>Enterprise risk management</u>. A derivatives clearing organization shall have an enterprise risk management program that identifies and assesses sources of risk and their potential impact on the operations and services of the derivatives clearing organization.</p>		
<b>Core Principle B – Financial Resources</b>		
<p>(i) <u>General</u>. A derivatives clearing organization shall have adequate financial, operational, and managerial resources, as determined by the Commission, to discharge each responsibility of the derivatives clearing organization.</p> <p>(ii) <u>Minimum Financial Resources</u>. At a minimum, each derivatives clearing organization shall possess financial resources that exceed the total amount that would: (1) Enable the derivatives clearing organization to meet its financial obligations to its clearing members notwithstanding a default by the clearing member creating the largest financial exposure for the derivatives clearing organization in extreme but plausible market conditions; and (2) Enable the derivatives clearing organization to cover its operating costs for a period of at least one year, calculated on a rolling basis. A derivatives</p>	<p>Aristotle DCO maintains sufficient financial resources by operating a fully-collateralized DCO and by collecting an appropriate level of fees from Participants. Aristotle DCO plans to rely on relief previously granted to Nadex, LedgerX, and Eris Clearing, which explains that full collateralization is one way to protect against a clearing member default.</p> <p>Aristotle DCO has calculated its financial resource requirements, which equate to 30% of applicable DCM expenses. Those assumptions are presented in the financial report. Once operational, the Aristotle DCO projects its annual operating expenses necessary</p>	<p>Exhibits B-1, B-2, B-3 and B-4  Financial Resources Requirements  Pro Forma Financial Report  Financial Commitment Letter  Bank Statement  Projected Operating Costs  Aristotle DCM Inc. Aristotle DCO Inc.  Management Fee Arrangement Agreement</p>

<p>clearing organization shall identify and adequately manage its general business risks and hold sufficient liquid resources to cover potential business losses that are not related to clearing members' defaults, so that the derivatives clearing organization can continue to provide services as a going concern.</p>	<p>to maintain a Commission-compliant DCO to equal approximately \$1.03 million for the first 12 months after launch (or approximately \$86,000 per month). Based on the Aristotle DCO's projected operating expenses, there is sufficient runway to ensure it is able to fund its first day of operations as a DCO.</p>	
<b>Core Principle C – Participant and Product Eligibility</b>		
<p>(i) <u>General</u>. A derivatives clearing organization shall have (1) appropriate admission and continuing participation requirements for clearing members of the derivatives clearing organization that are objective, publicly disclosed, and risk-based; and (2) appropriate requirements for determining the eligibility of agreements, contracts, or transactions submitted to the derivatives clearing organization for clearing, taking into account the derivatives clearing organization's ability to manage the risks associated with such agreements, contracts, or transactions.</p> <p>(ii) <u>Required Procedures</u>. A derivatives clearing organization shall have procedures to verify, on an ongoing basis, the compliance of each clearing member with each participation requirement of the derivatives clearing organization.</p> <p>(iii) <u>Requirements</u>. The participation and membership requirements of each derivatives clearing organization shall: (1) be objective; (2) be publicly disclosed; and (3) permit fair and open access.</p>	<p>Aristotle DCO has established transparent and objective Participant eligibility criteria that allow for open access. Rule 4(c) details the specific eligibility requirements to become a clearinghouse participant. Rule 4(d) provides the application approval process.</p> <p>Given the full collateralization model, clearing member positions will always be fully collateralized. Members will not be able to enter into positions on the designated contract market without adequate financial resources at the time of trading.</p>	<p>Exhibits C-1 and C-2 Participant Agreement and Disclosures Liquidity Provider Agreement User Agreement Aristotle DCO Rules</p>

<b>Core Principle D – Risk Management</b>		
<p>(i) <u>General</u>. A derivatives clearing organization shall ensure that it possesses the ability to manage the risks associated with discharging the responsibilities of the derivatives clearing organization through the use of appropriate tools and procedures.</p> <p>(ii) <u>Measurement of Credit Exposure</u>. A derivatives clearing organization shall: (1) Measure its credit exposure to each clearing member and mark to market such clearing member's open house and customer positions at least once each business day; and (2) Monitor its credit exposure to each clearing member periodically during each business day.</p> <p>(iii) <u>Limitation of Exposure to Potential Losses from Defaults</u>. A derivatives clearing organization shall limit its exposure to potential losses from defaults by its clearing members through margin requirements and other risk control mechanisms reasonably designed to ensure that: (1) The operations of the derivatives clearing organization would not be disrupted; and (2) Non-defaulting clearing members would not be exposed to losses that non-defaulting clearing members cannot anticipate or control.</p> <p>(iv) <u>Margin Requirements</u>. A derivatives clearing organization shall have initial margin requirements that are commensurate with the risks of each product and portfolio, including any unusual characteristics of, or risks associated with, particular products or portfolios.</p>	<p>The Risk Management Framework details the processes and those responsible for identifying and managing risks associated with clearinghouse operations.</p> <p>Aristotle DCO employs a fully-collateralized model which requires each market participant must provide Aristotle DCO with collateral sufficient to cover the maximum potential loss of the contract before a position will be accepted for clearance. Procedures for collecting the collateral necessary to fully-collateralize each trade are set forth in the Compliance Manual. The Enterprise Risk Management Policy describes the way in which Aristotle DCO will manage its risks and any potential risks that could threaten the security of Aristotle DCO.</p> <p>The Calculation of Margin Requirements includes examples to illustrate that the calculations are conducted in a way to ensure that the participant does not violate Aristotle DCO's rule for full collateralization on the part of each participant in all transactions.</p>	<p>Exhibits D-1, D-2, D-3 and D-4 Enterprise Risk Management Policy Compliance Manual Aristotle DCO Rules Risk Management Framework Calculation of Margin Requirements</p>

<p>(v) <u>Requirements Regarding Models and Parameters</u>. Each model and parameter used in setting initial margin requirements shall be risk-based and reviewed on a regular basis.</p>		
<b>Core Principle E – Settlement Procedures</b>		
<p>(i) <u>Daily Settlement</u>. A derivatives clearing organization shall effect a settlement with each clearing member at least once each business day, and shall have the authority and operational capacity to effect a settlement with each clearing member, on an intraday basis, either routinely, when thresholds specified by the derivatives clearing organization are breached, or in times of extreme market volatility.</p> <p>(ii) <u>Settlement Banks</u>. A derivatives clearing organization shall employ settlement arrangements that eliminate or strictly limit its exposure to settlement bank risks, including the credit and liquidity risks arising from the use of such bank(s) to effect settlements with its clearing members.</p> <p>(iii) <u>Settlement Finality</u>. A derivatives clearing organization shall ensure that settlements are final when effected</p>	<p>All clearinghouse activity is settled in real time, that is, at the time of match and acceptance for clearing. This is irrespective of market conditions. Daily settlement procedures are for deposits and withdrawals; collateral is not collected on a variation margin basis.</p> <p>Aristotle DCO’s settlement bank is EagleBank, which is further detailed in the Bank Services Agreement attached to Exhibit F-1.</p> <p>When it is determined that the outcome of the underlying event has occurred per the market and the market is closed, the funds are assigned to the participants holding the contracts. Any applicable funds for contracts that were deemed to be in the money for the event are then immediately available in the Participant’s account balance, less associated transaction fees.</p>	<p>Exhibits E-1, E-2 and E-3 Aristotle DCO Rules Banking Relationship Analysis</p>
<b>Core Principle F – Treatment of Funds</b>		
<p>(i) <u>Required Standards and Procedures</u>. A derivatives clearing organization shall establish standards and procedures that are designed to protect and ensure the safety of funds and assets belonging to clearing members and their customers.</p>	<p>Aristotle DCO will keep all Member Property in a segregated account at EagleBank. Pursuant to Section 2(II) of the Enterprise Risk Management Policy Manual, the Chief Risk Officer is responsible for monitoring all approved</p>	<p>Exhibits F-1, F-2 and F-3 Aristotle DCO Rules Member Property Letter Aristotle Banking Relationship Guidelines Bank Services Agreement Enterprise Risk Management Policy Manual</p>

<p>(ii) <u>Holding of Funds and Assets</u>. A derivatives clearing organization shall hold funds and assets belonging to clearing members and their customers in a manner which minimizes the risk of loss or of delay in the access by the derivatives clearing organization to such funds and assets.</p> <p>(iii) <u>Permissible Investments</u>. Funds and assets belonging to clearing members and their customers that are invested by a derivatives clearing organization shall be held in instruments with minimal credit, market, and liquidity risks.</p>	<p>banks and recommending additional banks as appropriate.</p> <p>Rule 6(b) requires Aristotle DCO to at all times account for, segregate, and maintain at a settlement bank all funds held in participant clearing accounts. The arrangement with the settlement bank is documented as an attachment to Exhibit F-1, which stipulates how the bank will handle and safeguard the funds.</p> <p>Rule 6(k) requires that all member property that is invested by the clearinghouse shall be held in instruments that comply with Commission Regulations 1.25 and 39.15(e).</p>	
<b>Core Principle G – Default Rules and Procedures</b>		
<p>(i) <u>General</u>. A derivatives clearing organization shall have rules and procedures designed to allow for the efficient, fair, and safe management of events during which clearing members become insolvent or default on the obligations of such clearing members to the derivatives clearing organization.</p> <p>(ii) <u>Default Procedures</u>. A derivatives clearing organization shall: (1) Have procedures that would permit the derivatives clearing organization to take timely action to contain losses and liquidity pressures and to continue meeting its obligations in the event of a default on the obligations of a clearing member to the derivatives clearing organization; (2) Have rules that set forth its default</p>	<p>Aristotle DCO operated a fully-collateralized DCO . By requiring 100% of the funds necessary to fully collateralize a Participant’s position to be on deposit before an order may be entered or a trade is executed, Aristotle DCO is not exposed to the risk of default by Participants. Accordingly, by adhering to the full collateralization clearing model, Aristotle DCO demonstrates compliance with the Commission’s default rules and procedures requirements.</p>	<p>Exhibit G Compliance Manual Aristotle DCO Rules</p>

procedures; and (3) Make its default rules publicly available.		
<b>Core Principle H – Rule Enforcement</b>		
<p>A derivatives clearing organization shall: (1) Maintain adequate arrangements and resources for the effective monitoring and enforcement of compliance with the rules of the derivatives clearing organization and the resolution of disputes; (2) Have the authority and ability to discipline, limit, suspend, or terminate the activities of a clearing member due to a violation by the clearing member of any rule of the derivatives clearing organization; and (3) Report to the Commission regarding rule enforcement activities and sanctions imposed against clearing members.</p>	<p>Aristotle DCO has the authority and ability to enforce Aristotle DCO Rules. Pursuant to Chapter 8, any person that directly or indirectly effects a transaction on Aristotle DCO or any participant or authorized trader shall be subject to Aristotle DCO’s jurisdiction for matters of discipline and rule enforcement.</p> <p>As set forth in Chapter 7, violations of any of the provisions may result in temporary or permanent suspension of trading privileges for a participant. If the Compliance Department initiates an investigation in which any Affiliate of Aristotle Exchange is a subject, the Chief Regulatory Officer shall notify the Commission. At the conclusion of any such investigation, the Chief Regulatory Officer shall provide the Commission with a copy of the documentation.</p>	<p>Exhibit H Compliance Manual Aristotle DCO Rules</p>
<b>Core Principle I – System Safeguards</b>		
<p>(i) <u>General</u>. A derivatives clearing organization shall establish and maintain a program of risk analysis and oversight with respect to its operations and automated systems to identify and minimize sources of operational risk through the development of appropriate controls and procedures automated systems that are reliable, secure, and have adequate scalable capacity.</p>	<p>Aristotle DCO reviews and promulgates the manuals, rules, policies, procedures and processes covering all aspects of the technology used. The COO is required to establish the clearinghouse’s operational requirements, including the approval of technical specifications and system acceptance, financial workflows</p>	<p>Exhibit I Technology Questionnaire Information Security Access Control Policy Information Security Access Control Procedure Capacity Management Policy Capacity Management Procedure Critical Services Resources Policy</p>

<p>(ii) <u>Business Continuity and Disaster Recovery</u>. A derivatives clearing organization shall establish and maintain a business continuity and disaster recovery plan, emergency procedures, and physical, technological, and personnel resources sufficient to enable the timely recovery and resumption of operations and the fulfillment of each obligation and responsibility of the derivatives clearing organization, including, but not limited to, the daily processing, clearing, and settlement of transactions, following any disruption of its operations.</p> <p>(iii) <u>Testing</u>. A derivatives clearing organization shall conduct regular, periodic, and objective testing and review of its automated systems to ensure that they are reliable, secure, and have adequate scalable capacity and its business continuity and disaster recovery capabilities, using testing protocols adequate to ensure that the derivatives clearing organization's backup resources are sufficient</p>	<p>and related reporting, and day-to-day activities, including managing and training personnel.</p> <p>Aristotle DCO has established a Business Continuity and Disaster Recovery Plan. Section 2 of the Enterprise Risk Management Policy requires Aristotle DCO to conduct a business continuity test at least once per year.</p> <p>The Technology Questionnaire describes the automated system components and the distribution of personnel who oversee the automated systems.</p>	<p>Business Continuity and Disaster Recovery Plan  Enterprise Risk Management Plan  Event Log Management and Audit Policy  Software Development Process  Security Policy  Risk Management Procedure  Valley Forge Data Center Specification Sheet and  Coresite Datacenter Specifications  Critical Service Resource List  Quality Assurance Policies and Procedures  Technology Questionnaire  Enterprise Technology Risk Assessment Management Policy  External Penetration Testing Process  Patch Management Policy  Problem and Incident Management Procedures</p>
<b>Core Principle J – Reporting</b>		
<p>A derivatives clearing organization shall provide to the Commission the information specified in this section and any other information that the Commission determines to be necessary to conduct oversight of the derivatives clearing organization.</p>	<p>Aristotle DCO will submit required reports, including, but not limited to, daily trade data reports, investigation reports, annual volume reports, and event-specific reporting. Additionally, the Commission will be promptly notified of any electronic trading halts or interruptions, significant system malfunctions, cybersecurity incident that jeopardize automated system operations, any activation of the business continuity-disaster recovery plan, and any planned changes to</p>	<p>Exhibit J  Compliance Manual</p>



	automated systems that may impact reliability or any risk analysis program.	
<b>Core Principle K – Recordkeeping</b>		
A derivatives clearing organization shall maintain records of all activities related to its business as a derivatives clearing organization for not less than 5 years and in in a form and manner that is acceptable to the Commission.	Section VI of the Compliance Manual sets forth Aristotle DCO’s recordkeeping policy. The maintenance and retention for exchange records of trade is further detailed in the Event Log Management and Audit Policy.	Exhibit K Compliance Manual Event Log Management and Audit Policy
<b>Core Principle L – Public Information</b>		
<p>(i) <u>General</u>. A derivatives clearing organization shall provide to market participants sufficient information to enable the market participants to identify and evaluate accurately the risks and costs associated with using the services of the derivatives clearing organization.</p> <p>(ii) <u>Availability of Information</u>. A derivatives clearing organization shall make information concerning the rules and the operating and default procedures governing the clearing and settlement systems of the derivatives clearing organization available to market participants.</p> <p>(iii) <u>Public Disclosure</u>. A derivatives clearing organization shall make the following information readily available to the general public, in a timely manner, by posting such information on the derivatives clearing organization's website: (1) The terms and conditions of each contract, agreement, and transaction cleared and settled by the derivatives clearing organization; (2) Each clearing and other fee that the derivatives clearing organization charges its clearing members; (3) Information concerning its margin-setting</p>	Aristotle DCO makes various information publicly available on its website, including current copies of the Rulebook, contract specification, settlement prices, volume, open interest, and Participant notices.	Exhibit L Aristotle DCO Rules <u>Public Information Procedure</u>

<p>methodology; (4) The size and composition of the financial resource package available in the event of a clearing member default; (5) Daily settlement prices, volume, and open interest for each contract, agreement, or transaction cleared or settled by the derivatives clearing organization; (6) The derivatives clearing organization's rulebook; (7) A current list of all clearing members; (8) A list of all swaps that the derivatives clearing organization will accept for clearing; and (9) Any other information that is relevant to participation in the clearing and settlement activities of the derivatives clearing organization.</p>		
<b>Core Principle M – Information Sharing</b>		
<p>A derivatives clearing organization shall enter into, and abide by the terms of, each appropriate and applicable domestic and international information-sharing agreement, and shall use relevant information obtained from each such agreement in carrying out the risk management program of the derivatives clearing organization.</p>	<p>Aristotle DCO does not anticipate entering into any information-sharing agreements at the current time. However, the clearinghouse recognizes its obligation to share information with any other Commission-registered DCO or foreign entity fulfilling that role and will do so if any appropriate and applicable domestic or international information-sharing agreements will facilitate carrying out the risk management program of the clearinghouse.</p>	<p>Exhibit M Aristotle DCO Rules</p>
<b>Core Principle N – Antitrust Considerations</b>		
<p>Unless necessary or appropriate to achieve the purposes of the Act, a derivatives clearing organization shall not adopt any rule or take any action that results in any unreasonable restraint of trade, or impose any material anticompetitive burden.</p>	<p>Aristotle DCO has designed rules to avoid unreasonable restraints of trade or the imposition of any material anti-competitive burden on trading. Further, Participants are prohibited from entering a non-competitive transaction into the system under Aristotle DCO Rule 5(c).</p>	<p>Exhibit N Aristotle DCO Rules</p>

<b>Core Principle O – Governance</b>		
<p>(i) <u>Governance Arrangements</u>. A derivatives clearing organization shall have written governance arrangements that are clear and transparent, and that: (1) Reflect the legitimate interests of clearing members, customers of clearing members, and other relevant stakeholders; (2) Are disclosed, as appropriate; (3) Clearly specify the roles and responsibilities of the board of directors and its committees; (4) Describe procedures pursuant to which the board of directors oversees the chief risk officer, risk management committee, and material risk decisions; and (5) Assign responsibility and accountability for risk decisions, including in crises and emergencies.</p> <p>(ii) <u>Fitness Standards</u>. A derivatives clearing organization shall establish and enforce appropriate fitness standards for: (1) Directors; (2) Members of any disciplinary Committee; (3) Members of the derivatives clearing organization; (4) Any other individual or entity with direct access to the settlement or clearing activities of the derivatives clearing organization; and (5) Any other party affiliated with any individual or entity described in this paragraph.</p>	<p>Aristotle DCO has established governance arrangements that are designed to place a high priority on the Clearinghouse’s safety and efficiency. Pursuant to Section 1 of the Aristotle DCO Enterprise Risk Management Policy, the Board of Directors meets with the Chief Risk Officer at least annually to review the clearinghouse’s compliance with Commission regulations.</p> <p>Aristotle DCO has set eligibility standards to ensure that Aristotle DCO rules and decisions reflect the legitimate interests of its members and stakeholders. Pursuant to Rule 3 that prior to nomination to the Board of Directors, each individual must certify that they are not disqualified pursuant to the DCO’s rules.</p>	<p>Exhibit O Compliance Manual Aristotle DCO Rules Enterprise Risk Management Policy</p>
<b>Core Principle P – Conflicts of Interest</b>		
<p>A derivatives clearing organization shall: (1) Establish and enforce rules to minimize conflicts of interest in the decision-making process of the derivatives clearing organization; (2) Establish a process for resolving such conflicts of interest; and (3) Describe procedures for identifying, addressing, and managing conflicts of interest involving members of the board of directors.</p>	<p>Aristotle DCO maintains policies related to conflicts of interest, including a conflicts of interest policy for directors. Rule 3(g) describes the procedures to which a director must adhere in the event such directors has an interest or relationship with a named party in interest or a direct and substantial financial interest in any</p>	<p>Exhibit P Compliance Manual Aristotle DCO Rules</p>

	matter that is before the Board for deliberation.	
<b>Core Principle Q – Composition of Governing Boards</b>		
A derivatives clearing organization shall ensure that the composition of the governing board or board-level committee of the derivatives clearing organization includes market participants and individuals who are not executives, officers, or employees of the derivatives clearing organization or an affiliate thereof.	Aristotle DCO ensures that the views of the public and market participants are incorporated into the its governance structure. Pursuant to Rule 3(b) at least two of whom shall be Public Directors, provided that the number of Public Directors shall at all times equal no less than 35% of the entire Board of Directors, or such higher percentage as the Commission may require.	Exhibit Q Compliance Manual Aristotle DCO Rules
<b>Core Principle R – Legal Risk</b>		
<p>(i) <u>Legal Authorization</u>. A derivatives clearing organization shall be duly organized, legally authorized to conduct business, and remain in good standing at all times in the relevant jurisdictions.</p> <p>(ii) <u>Legal Framework</u>. A derivatives clearing organization shall operate pursuant to a well-founded, transparent, and enforceable legal framework that addresses each aspect of the activities of the derivatives clearing organization.</p>	<p>Aristotle DCO has established an effective and enforceable legal framework. Pursuant to the Exchange Risk Oversight Committee Policy, DCO Exhibit B-4d, the General Counsel shall review and report not less than quarterly to the Risk Oversight Committee any legal and regulatory matters that may have a material impact on the clearinghouse’s compliance programs and policies.</p> <p>Aristotle DCO can lawfully enforce the Rules against Participants. Pursuant to Rule 4(d), each applicant to become a participant expressly consents to be bound by the Rules of Aristotle DCO. An applicant to become a participant executes the Participant Agreement, and pursuant to such agreement, the applicant represents that the Participant Agreement is duly and validly</p>	Exhibit R Participant Agreement Core Principle R Memorandum

	authorized and executed, and that the Participant Agreement is a legal, valid and binding agreement.	
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