

DCO Core Principles Table

CLEARING ORGANIZATION CORE PRINCIPLES	EXPLANATIONS AND REFERENCES TO RELEVANT QCEX DOCUMENTS, RULES AND AGREEMENTS
<p>Core Principle A: Compliance with the core principles.</p>	<p>The Clearinghouse has resources and rules designed to uphold the CFTC’s core principles for derivatives clearing organizations, as demonstrated in Exhibits A-1 through A-11.</p>
<p>Core Principle B: Adequate financial, operational, and managerial resources</p>	<p>The Clearinghouse has the financial, operational, and managerial resources as demonstrated in Exhibits B-1 through B-4.</p>
<p>Core Principle C: Appropriate standards for participant and product eligibility</p>	<p>The Clearinghouse has rules for participant standards and product eligibility as demonstrated in Exhibits C-1 and C-2.</p>
<p>Core Principle D: Adequate and appropriate risk management capabilities</p>	<p>The Clearinghouse has a risk management framework and can measure and limit risk as demonstrated in Exhibits D-1 through D-3.</p>
<p>Core Principle E: Ability to complete settlements on a timely basis under varying circumstances</p>	<p>The Clearinghouse will at all times have funds for fully collateralized positions and retain records as demonstrated in Exhibit E.</p>
<p>Core Principle F: Standards and procedures to protect member and participant funds</p>	<p>The Clearinghouse will keep participant funds in a Member Property account in U.S. dollars as demonstrated in Exhibit F.</p>
<p>Core Principle G: Efficient and fair default rules and procedures</p>	<p>The Clearinghouse only clears products that are fully collateralized as demonstrated in Exhibit G.</p>
<p>Core Principle H: Adequate rule enforcement and dispute resolution procedures</p>	<p>The Clearinghouse Rulebook has adequate enforcement and dispute resolution procedures as demonstrated in Exhibit H.</p>
<p>Core Principle I: Adequate and appropriate systems safeguards, emergency procedures, and plan for disaster recovery</p>	<p>The Clearinghouse has extensive system safeguards as demonstrated in Exhibit I.</p>

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<p>Core Principle J:</p> <p>Obligation to provide necessary reports to allow the CFTC to oversee clearinghouse activities</p>	<p>The Clearinghouse’s Compliance Manual specifies the reporting requirements and will report as provided by Exhibit J.</p>
<p>Core Principle K:</p> <p>Maintenance of all business records for five years in a form acceptable to the CFTC</p>	<p>The Clearinghouse will keep records as required by Commission Regulation 1.31 and detailed in Exhibit K.</p>
<p>Core Principle L:</p> <p>Publication of clearinghouse rules and operating procedures</p>	<p>The Clearinghouse will post all public data including rules and procedures on its website and will advise once a URL is finalized, as detailed in Exhibit L.</p>
<p>Core Principle M:</p> <p>Participation in appropriate domestic and international information-sharing agreements</p>	<p>As discussed in Exhibit M, the Clearinghouse does not expect to enter any information sharing agreements at this time but will cooperate, as necessary.</p>
<p>Core Principle N:</p> <p>Avoidance of actions that are unreasonable restraints of trade or that impose anti-competitive burdens</p>	<p>The Clearinghouse Rulebook has been designed to avoid anti-competitive behavior as demonstrated in Exhibit N.</p>
<p>Core Principle O:</p> <p>Governance arrangements and fitness standards</p>	<p>The Clearinghouse has rules and procedures for governance and fitness standards as demonstrated in Exhibit O.</p>
<p>Core Principle P:</p> <p>Rules to minimize conflicts of interest in the DCO's decision making process, and a process for resolving any conflicts</p>	<p>The Clearinghouse has rules and procedures to address conflicts of interest as demonstrated in Exhibit P.</p>
<p>Core Principle Q:</p> <p>Composition of governing boards to include market participants</p>	<p>The Clearinghouse has rules that provide for appropriate governing boards as described in Exhibit Q.</p>

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<p>Core Principle R: Well-founded legal framework for the activities of the DCO</p>	<p>Chapter V of the Clearinghouse Rulebook provides for an appropriate legal risk framework as described in Exhibit R.</p>
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