
Date

13 December 2009

Recipients

All DME Members

From

Greg Collins, Chief Compliance Officer

Category

Compliance

Proposal

Proposed Rule changes to DME Rulebook Chapter 6: General Trading Rules

Consultation Paper 09-005 is issued in accordance with Dubai Mercantile Exchange Limited (DME) Rule 4.20 and Section 9 of the Authorised Market Institutions Module of the Dubai Financial Services Authority (DFSA) Rulebook. This Consultation Paper has been issued to provide market participants with an opportunity to comment on proposals to amend Chapter 6 of the DME Rulebook: General Trading Rules pursuant to DME's planned introduction of options/swaps contracts in 2010 and general harmonisation of the DME's Rulebook with the rulebook of the New York Mercantile Exchange, Inc. ("NYMEX"), DME's clearing house. In addition, minor revisions have been made to DME Rulebook Chapter 1: Definitions, Chapter 2: Membership Rules, Chapter 3: Committee Rules, Chapter 4: Compliance and General Rules and Chapter 9: Governing Law and Jurisdiction.

Application of the Consultation Paper

Consultation Paper 09-005 is directed primarily at DME Members and other users or prospective users of DME's facilities. DME also welcomes any comments from any organisation which represents groups of such users or prospective users.

Overview of changes

Key changes to Chapter 6 are as follows:

- Changes to the Trade Cancellation and Price Adjustments Section, including the addition of the concept of the Bid/Ask Reasonability Allowance for options contracts;
- Introduction of more generic language in Section 6.28 Exchange for Related Positions to replace the old Section 6.28 EFPs and EFSs to clarify and to be consistent with industry practice;
- Revision of the Block Trade Section 6.34 to allow greater DME latitude for adjusting block trade minimums and introducing minimum block trade sizes for new contracts.

Key changes to the other chapters are as follows:

- Removal of reference to the Product Advisory Committees of the DME Board of Directors in Chapter 4 pursuant to elimination of such committees by the DME Board of Directors;
- Replacement of certain definitions in Chapter 1 to reflect the migration of DME contracts to the clearing systems of the CME Group Inc. ("CME");
- Replacement of the reference to NYMEX in Chapter 9 with a broader reference to CME, its affiliates and subsidiaries, to accurately reflect the new post merger CME corporate structure.

Rationale for Rule changes

The above-referenced changes to the DME Rulebook are proposed due to the introduction of new contracts on the DME and to harmonise DME's Rulebook with that of its Derivatives Clearing Organisation ("DCO"). Other revisions reflect a more general review of the Rulebook by DME.

How to provide comments

The deadline for providing comments on the proposals in this Consultation Paper is twenty eight (28) calendar days from the date of this Consultation Paper. For the avoidance of doubt, all comments must be received by the Exchange on or before 10th January 2010 at 6:00 PM in Dubai. All comments on the proposed changes should be addressed to:

Mr Greg Collins
Chief Compliance Officer
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Dubai
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Next steps

Unless specifically requested otherwise, DME may publish on its website any comments it receives from this consultation.

As soon as practicable following the deadline for comments on the proposals in this Consultation Paper, DME will consider whether any amendment or revision to the proposed changes is appropriate. DME will then implement the changes to the DME Rulebook (including any amendment or revision, if appropriate). The amendments to the DME Rulebook will only take effect once approved by the DFSA. DME will issue a Member Notice on the DME website confirming the date upon which the changes to the DME Rulebook will become effective.

Signed



Greg Collins
Chief Compliance Officer

Please pass comments to:
Mr Greg Collins, Chief Compliance Officer
greg.collins@dubaimerc.com

Chapter 6 General Trading Rules

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6.1 Scope of Rules

- (A) The provisions of this Chapter 6, where relevant, shall apply to all Members, Seat Lessees, Guaranteed Customers and Authorised Terminal Users, and to any other individual or entity in connection with accessing the Trading Platform and trading the Exchange Contracts.
- (B) This Chapter 6 shall in no way limit the applicability of any provision of the Regulatory Law, the DFSA Rulebook, or any other laws, rules or regulations applicable to a person in connection with trading on the Exchange.

6.2 CME Globex Control Center

(A) Customer Support

The CME Globex Control Center (the **GCC**) provides customer support and problem management only to Members, Seat Lessees and Guaranteed Customers with respect to Exchange Contracts traded on the Trading Platform. In order to be eligible for GCC support, parties must register with the GCC (the **Registered Contacts**). The GCC provides customer support via a specified telephone number and during specified hours published on the CME website. There is no obligation on DME to

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ensure that GCC employees will be available to assist during those hours. Parties other than Registered Contacts must contact their Clearing Members to make requests for support by GCC.

(B) **GCC Communications**

The Exchange shall not be liable for any loss resulting from any inability to communicate with the GCC. The liability of the Exchange for the negligent acts of GCC staff shall be subject to Rule 6.33. In no event, however, shall the Exchange be liable for the negligence of the GCC if the party claiming to have suffered a loss could have secured the support it sought from GCC through its own administrative terminal, its Clearing Member's terminal or the terminal of an Independent Software Vendor (**ISV**). For purposes of this Rule 6.2(B), a party is deemed able to take action through its own administrative terminal, a Clearing Member's terminal or an ISV's terminal unless such terminal was inoperative or such terminal service was interrupted at the time the GCC took action.

(C) **Order Status**

- (1) A person who believes he has received an incorrect order status or does not receive an appropriate status shall immediately notify the GCC. Additionally, such person shall take any necessary and appropriate market action to mitigate any potential losses arising from the incorrect order status or lack of appropriate order status immediately after the person knew or should have known that the order status information was incorrect or should have been received.
- (2) Notwithstanding the above, the Exchange shall not be liable for losses related to incorrect order status information if the Exchange provides prior notification that an Exchange system, service or facility may produce such incorrect information and also provides notification of a means to obtain correct order status information from such system, service or facility. In the event that the GCC and an Exchange system, service or facility provide conflicting information relating to an order status, a Member, Seat Lessee or Guaranteed Customer may only reasonably rely on the information received from the GCC.
- (3) Any liability for the Exchange for incorrect order status shall be subject to Rule 6.33.

6.3 Rights and access to the Trading Platform

- (A) Each Member, Seat Lessee and Guaranteed Customer shall be responsible for all activity resulting from the use by any person of its Password and/or User ID of an Authorised Terminal User in respect of that Member, Seat Lessee or Guaranteed Customer and shall take such steps as are necessary to prohibit any person from using that Password and/or User ID other than the person to whom that Password and/or User ID has been assigned by its Clearing Member.
- (B) No Member, Seat Lessee or Guaranteed Customer may enter an order, or permit entry of an order, onto the Trading Platform under a Password and/or User ID other than the person to whom that Password and/or User ID has been assigned by its Clearing Member.
- (C) No person may disclose or knowingly permit the use by another of the Password and/or User ID other than the person to whom that Password and/or User ID has been assigned by its Clearing Member.
- (D) Each Member, Seat Lessee or Guaranteed Customer shall notify the Exchange immediately upon becoming aware of:
 - (1) any unauthorised disclosure or use of any Password and/or User ID assigned to its Authorised Terminal Users;
 - (2) any unauthorised access to the Trading Platform; or
 - (3) the need to deactivate any Password assigned to its Authorised Terminal Users.
- (E) No Member, Seat Lessee or Guaranteed Customer shall have any rights to the Trading Platform or any information, content or data (including without limitation bids and offers, price and other trading

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data and including trademarks, service marks, copyrights and all other intellectual property rights) thereon or on the Exchange Floor. Members, Seat Lessees and Guaranteed Customers may use the Trading Platform solely for the purposes set out in these Rules and will have no other rights with respect to the Trading Platform or other proprietary property of DME or its service providers. Each Member, Seat Lessee and Guaranteed Customer hereby assigns all such interest as it may now or in the future have in relation to any copyright in all such information, content or data. Further, each Member, Seat Lessee and Guaranteed Customer undertakes to take such actions as the Exchange may request from time to time at the Exchange's expense to vest in the Exchange or its nominee title to the items provided for in this Rule 6.3.

- (F) DME grants each Member, Seat Lessee and Guaranteed Customer a non-exclusive, non-transferable, revocable licence for access to the Trading Platform (including the utilisation of any hardware, software, systems and/or communications links furnished by the Exchange from time to time as part of the Trading Platform to allow Members, Seat Lessees and Guaranteed Customer to post bids and offers on the Trading Platform).
- (G) No Member, Seat Lessee, Guaranteed Customer or Authorised Terminal User may:
 - (1) in whole or in part copy, modify, reverse engineer, reverse assemble or reverse compile any Trading Platform provided to it from time to time or any of the information, content or data displayed thereon or issued by the Trading Platform or the Exchange Floor;
 - (2) distribute, rent, sell, retransmit, redistribute, release or re-licence any Trading Platform provided to it from time to time or any part thereof to any third party (other than to its Affiliates and agents subject to and in accordance with these Rules) and will not, without the Exchange's prior written consent, redistribute all or any portion of the information, content or data on the Trading Platform, provided, however, that such consent shall not be required for reproduction or re-transmission of any part of the data on the Trading Platform for the administration, regulatory and client reporting purposes of the Member, Seat Lessee or Guaranteed Customer (as the case may be) and its Authorised Terminal Users, in each case subject to applicable law;
 - (3) use or grant access to the Trading Platform in any jurisdiction in which to do so would be illegal or prohibited or in a jurisdiction which is not included in a list maintained by the Exchange for this purpose from time to time.
- (H) Without prejudice to any particular arrangements made with respect to the Exchange Floor, Members, Seat Lessees and Guaranteed Customers may obtain access to the Trading Platform via the Internet or by other means via a Certified Application in accordance with the terms on which Certified Application applies, provided that:
 - (1) with regard to access to the Trading Platform via the Internet, each Member, Seat Lessee and Guaranteed Customer will select its own Internet service provider and will bear all applicable costs associated with establishing and maintaining such access, including any fees charged by its Internet service provider; and
 - (2) with regard to access via other means, all costs of establishing and maintaining such connection and all risk of any malfunction thereof shall be borne entirely by the Member, Seat Lessee or Guaranteed Customer, as the case may be.
- (I) The Exchange may monitor access to and utilisation of the Trading Platform by any person. This will be done solely for the Exchange's own purposes.

6.4 Responsibilities for orders entered on the Trading Platform

- (A) All connections to the Trading Platform, including direct connections of Guaranteed Customers, must be guaranteed by a Clearing Member that assumes financial responsibility for all activity through the connection. With respect to transactions given up to other Clearing Members, such guarantee is effective only until such time that the other Clearing Member accepts the trade.

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- (B) Clearing Members shall assist the Exchange and its authorised agents in any investigation into potential violations of the rules or the actions which occur through a connection to the Trading Platform guaranteed by the Clearing Member. Such assistance must be timely and may include, but not be limited to, requiring any Member, Seat Lessee, Guaranteed Customer or other Customer to produce documents, to answer questions from the Exchange, and/or to appear in connection with an investigation.
- (C) Clearing Members shall suspend or terminate a Member, Seat Lessee or Guaranteed Customer's access to the Trading Platform if the Exchange determines that their actions threaten the integrity or liquidity of any Exchange Contract or violate any rule or regulations of the Exchange, DFSA or DIFC or any other jurisdiction, or if such Member, Seat Lessee or Guaranteed Customer fails to cooperate in any investigation.
- (D) If a Clearing Member has actual or constructive notice of a violation of any applicable rule or regulation of the Exchange, DFSA, DIFC or any other jurisdiction in connection with the use of the Trading Platform by the Member, Seat Lessee or Guaranteed Customer for whom the Clearing Member has authorised a direct connection and the Clearing Member fails to take appropriate action, the Clearing Member may be found to have committed an act detrimental to the interest or welfare of the Exchange.
- (E) Where a Member whose access to the Trading Platform is guaranteed by a Clearing Member (the **Qualifying Clearing Member**) is placing orders through access to the Trading Platform provided by another Clearing Member (the **Access Clearing Member**), the Qualifying Clearing Member may terminate such Member's ability to place orders through the Trading Platform by notifying the Access Clearing Member, and the Access Clearing Member will be (1) responsible for ensuring that the Member does not place orders through the Trading Platform, and (2) required to comply with instructions by the Qualified Clearing Member that such access be discontinued.
- (F) A Member, Seat Lessee or Guaranteed Customer is prohibited from directly or indirectly guaranteeing the execution of an order or any of its terms such as the quantity or price. A Member, Seat Lessee or Guaranteed Customer may only report an execution that has occurred through the Trading Platform or has been executed as a permissible privately negotiated transaction. This Rule 6.4(F) shall not be construed to prevent a Member, Seat Lessee or Guaranteed Customer from assuming or sharing in the losses resulting from an error or the mishandling of an order.

6.5 Exchange Trading Day

- (A) The Trading Day on the Exchange has one (1) Trading Session. The Trading Session may open before the start of the calendar day and close after the end of the calendar day to which the Trading Day relates.
- (B) Without prejudice to Rules 4.2~~12~~ and 4.2~~23~~, the Exchange may be closed for one (1) or more days or Trading Sessions at any time by a vote of the Board.

6.6 Hours for trading

The Board shall establish the hours of trading for the Trading Session in each Exchange Contract on the Exchange and all such trading shall take place within those prescribed hours. The Board shall also establish the hours during which the Exchange Floor is open for trading in Exchange Contracts on the Exchange and no trading shall take place on the Exchange Floor other than within those prescribed hours.

6.7 Presence on the Exchange Floor

- (A) Each Floor Member and each Seat Lessee must ensure that in each week (Monday to Friday), it has an Authorised Terminal User available on the Exchange Floor to execute orders on the Trading Platform in order to meet the minimum presence requirement set by the Board from time to time. Failure to meet the minimum presence requirement may give rise to a suspension or termination by the Exchange of a Floor Member or Seat Lessee and/or summary disciplinary action under paragraph (C) of Rule 7.31.

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- (B) Each Authorised Terminal User of a Floor Member or Seat Lessee shall wear an Exchange authorised identification badge (a **Trading Badge**) issued by the Exchange in accordance with this Rule 6.7(B) in a prominent position at all times whilst on the Exchange Floor.
- (C) A Floor Member or Seat Lessee is permitted to bring visitors on to the Exchange Floor at the Exchange's discretion. The number and identity of visitors must be confirmed in advance with the Exchange and the number permitted at any one time may be restricted. Floor Members and Seat Lessees are responsible for ensuring that their visitors observe orderly conduct at all times whilst on the Exchange Floor.
- (D) The CEO may permit access to the Exchange Floor to duly accredited representatives of the press to report markets, but they shall not be allowed to transact any other business.
- (E) Representatives of the press and visitors to the Exchange Floor will be issued with a temporary security pass at the Exchange's discretion. All persons issued with a security pass will be vetted by the Exchange.

6.8 Standard forms of orders

Members, Seat Lessees and Guaranteed Customers shall ensure that:

- (1) it agrees with any Customer placing an order with the Member, Seat Lessee or Guaranteed Customer in relation to an Exchange Contract how that order should be treated;
- (2) such treatment is supported by the facilities of the Member, Seat Lessee or Guaranteed Customer for accessing the Trading Platform (including any Certified Application); and
- (3) it obtains from the Customer all of the information required to enable the Member, Seat Lessee or Guaranteed Customer to input for the order the details required by Rule 6.12.

6.9 Telephone calls

- (A) The use of mobile phones from the Exchange Floor (including the trading booths) is not permitted.
- (B) Subject to Rule 6.9(A), the making of telephone calls and the sending or receiving of electronic messages is permitted on the Exchange Floor provided that the calls and electronic messages are recorded.
- (C) For the purposes of this Rule 6.8, telephone calls means any form of voice telephony and electronic messages means electronic mail, in each case by fixed telephonic device or by Internet.
- (D) All records of telephone calls and electronic messages sent or received must be kept for six (6) years from the date the telephone call occurred or the electronic message was sent or received and made available to the CCO or his delegate upon request.
- (E) Any contravention of a direction given under paragraph (A) to (D) of this Rule 6.9 shall be deemed a breach of these Rules and punishable as a Major Offence.

6.10 Scope of trading privileges

- (A) An Authorised Terminal User may enter orders on the Exchange only for an account of the Member, Seat Lessee or Guaranteed Customer that has registered him as one of its Authorised Terminal Users and for the account of any Customers of that Member, Seat Lessee or Guaranteed Customer.
- (B) Members, Seat Lessees or Guaranteed Customers who may trade for or on behalf of a Customer may enter "bunched orders" only in accordance with Rule 6.17.
- (C) Only a person with trading discretion over multiple accounts may place an order with a Member, Seat Lessee or Guaranteed Customer to be allocated after execution.

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6.11 Trading on the Exchange Floor

Floor Members and Seat Lessees occupying a Seat may trade on the Exchange Floor only from a computer terminal placed in a location allocated and approved by the Exchange.

6.12 Acceptance of orders for entry into the Trading Platform

(A) A Member, Seat Lessee, Guaranteed Customer or Authorised Terminal User may not accept any order for execution on the Trading Platform unless such order includes the following details:

- (1) commodity;
- (2) Contract Month;
- (3) purchase or sale;
- (4) account number (or certification that the order is for multiple accounts to be allocated later);
- (5) quantity;
- (6) any limit price;
- (7) Clearing Member who holds the account for the relevant Customer or for the Member, Seat Lessee or Guaranteed Customer if trading on its own account or for the account of Affiliates or on an Omnibus Account basis; and
- (8) strike prices, put or call (for Options).

(B) When a Member, Seat Lessee or Guaranteed Customer receives an order from a Customer, or decides to enter a Discretionary Order permitted under Rule 6.24(J), that Member, Seat Lessee or Guaranteed Customer must, whether or not an Authorised Firm, promptly make a record of the receipt of the order including the information set out in COB App 1 Rule A1.1.1. Where a Member, Seat Lessee or Guaranteed Customer executes a transaction, that Member, Seat Lessee or Guaranteed Customer must, whether or not an Authorised Firm, promptly make a record of the information set out in COB App1 Rule 1.1.2. Where a Member, Seat Lessee or Guaranteed Customer passes a Customer order to another person for execution, that Member, Seat Lessee or Guaranteed Customer must, whether or not an Authorised Firm, promptly make a record of the information set out in COB App1 Rule A1.1.3.

(C) For any bunched order (placed in accordance with Rule 6.17) or any other order known to be an order for multiple accounts to be allocated after execution, the account number of the Member, Seat Lessee or Guaranteed Customer, followed by the suffix "999", shall be entered in satisfaction of paragraph (A)(4) of this Rule 6.12. The Member, Seat Lessee or Guaranteed Customer shall procure details of the actual Clearing Members and customer account numbers in respect of such order no later than 08:30 (UAE time) on the Trading Day following the day in which the transaction was executed.

(D) No person may knowingly record false account number information in connection with any order submitted to the Exchange.

(E) Unless otherwise agreed, all orders received for execution on the Exchange shall be deemed to be cancelled if not executed during the Trading Session for which they were received.

6.13 General requirements for orders entered into the Trading Platform

(A) Each Member, Seat Lessee or Guaranteed Customer entering orders into the Trading Platform shall input for each order (1) the User ID and/or Password assigned by the Clearing Member and (2) the price, quantity, product, expiration month, CTI code and account number (except as provided in Rule 6.17) and, for Options, put or call and strike price. The User ID must be present on each order entered. For a Member, Seat Lessee or Guaranteed Customer with access pursuant to Rule 6.3, Clearing Members authorising such access to the Trading Platform will be responsible for the Member, Seat Lessee or Guaranteed Customer's compliance with this Rule 6.13(A).

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- (B) With respect to orders received by a Member, Seat Lessee or Guaranteed Customer which are capable of being immediately entered into the Trading Platform, no record other than that set forth above need be made. However, if a Member, Seat Lessee or Guaranteed Customer receives an order which cannot be immediately entered into the Trading Platform, the Member, Seat Lessee or Guaranteed Customer must prepare a written order and include the account designation, date, time of receipt and other information required pursuant to Rule 6.13(A) above and the order must be entered into the Trading Platform when it becomes executable.
- (C) Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems
- (1) Clearing Members guaranteeing a connection to the Trading Platform are responsible for maintaining or causing to be maintained the order routing/front-end audit trail for all electronic orders, including order entry, modification, cancellation and responses to such messages (the **electronic audit trail**) entered into the Trading Platform through the CME iLink gateway. This electronic audit trail must be maintained for a minimum of six (6) years and Clearing Members must have the ability to produce this data in a standard format upon request of any of the parties set forth in Rule 2.28.
 - (2) This electronic audit trail must contain all order receipt, order entry, order modification, and response receipt times to the highest level of precision achievable by the operating system, but at least to the hundredth of a second. The times captured must not be able to be modified by the person entering the order. The data must also contain all fix tag information and fields which should include, but is not limited to a record of all fields relating to order entry, including transaction date, product, Exchange code, expiration month, quantity, order type, order qualifier, price buy/sell indicator, stop/trigger price, order number, unique transaction number, account number, session ID, Tag 50 ID, host order number, trader order number, Clearing Member, type of action, action status code, customer type, indicator, origin and timestamps. For executed orders the audit trail must record the execution time of the trade along with all fill information.
 - (3) In the case where the Clearing Member has a Customer that is another Clearing Member, the Clearing Member may notify the client Clearing Member that it is their obligation to maintain the electronic audit trail. Upon execution of this written notice, it shall be the duty of the client Clearing Member to maintain an electronic audit trail pursuant to this Rule 6.13(C).

6.14 Disclosing orders prohibited

No Member, Seat Lessee or Guaranteed Customer shall disclose another person's order to buy or sell except to a designated Exchange official of any of the parties set forth in Rule 2.28, and no person shall solicit or induce another person to disclose order information. No Member, Seat Lessee or Guaranteed Customer shall take action or direct another to take action based on non-public order information, however acquired. The mere statement of opinions or indications of the price at which a market may open or resume trading does not constitute a violation of this Rule 6.14.

6.15 Use of Customer Omnibus Accounts by Clearing Members

The Exchange does not restrict Clearing Members from establishing and maintaining Omnibus Accounts for customers in accordance with the rules of the Clearing House. Subject to the conditions below, use of a customer Omnibus Account as a common "holding" or "suspense" account is acceptable for Clearing Members, for execution operations that give-up orders to other Clearing Members, and for entry of bunched orders. Whenever a suspense account number is used for an order entered into the Trading Platform, the Clearing Member must create a contemporaneous written and time-stamped record of the order bearing the correct customer account designation and must ensure that Customer account designation is entered into the clearing system, by 14:30 (New York Time) on the Trading Day (or the next Trading Day if the order was entered after 14:30 (New York Time)).

6.16 Customer Type Indicator codes for Trading of Exchange Contracts on the Trading Platform

- (A) Members, Seat Lessees and Guaranteed Customers with direct access to the Trading Platform (in this Rule, **Trading Platform Users**) shall report to the Exchange through the mechanism provided

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using appropriate Customer Type Indicator (**CTI**) codes and appropriate Indicator Codes for each transaction executed on the Trading Platform, in accordance with the provisions set out below.

(B) **CTI Codes**

- (1) When a Trading Platform User executes a trade for its own account, for an account it controls, or for an account in which it has an ownership or financial interest, it shall designate that trade as **CTI 1**;
- (2) When a Trading Platform User executes a trade for the trading account of a Member, Seat Lessee or Guaranteed Customer, it shall designate that trade (and any relevant orders) as **CTI 2** (unless the executing Member, Seat Lessee or Guaranteed Customer has an interest in or discretionary control over such Member or Clearing Member's trading account, in which case it shall designate the trade as **CTI 1**);
- (3) When a Trading Platform User executes a trade for the account of (or for an account which it knows is controlled by) another Member, Seat Lessee or Guaranteed Customer, it shall designate that trade (and any relevant orders) as **CTI 3**; and
- (4) When a Trading Platform User executes a trade for any account other than those listed above, it shall designate that trade (and relevant orders) as **CTI 4**.

(C) **Indicator Codes**

Indicator codes (indicating to which Clearing Member account the transaction is to be allocated) shall be applied as follows:

- (1) **C** or **Customer** – if the person for whose benefit the Trading Platform User executed the transaction is not affiliated with or an employee of the Clearing Member with whom the account is held; or
- (2) **H** or **House** – if the person for whose benefit the Trading Platform User executed the transaction is affiliated with or an employee of the Clearing Member with whom the account is held.

- (D) It shall be a Major Offence for a Trading Platform User knowingly to assign false CTI codes or Indicator Codes to trades executed on the Trading Platform.

6.17 Bunched orders and orders eligible for post execution allocation

- (A) Bunched orders may be entered using a series designation or suspense account number provided that (1) the order is being placed by an account manager for multiple accounts eligible for post execution allocation or (2) a written, pre-determined allocation scheme that defines the series has been provided to the Authorised Terminal User accepting the order or the Clearing Member clearing the order, prior to the time that such order is entered. In the latter case, if such information has not been provided to the Authorised Terminal User accepting the order or the Clearing Member clearing the order prior to the time of order entry, each specific account number must be entered into the Trading Platform. Additionally, for all such bunched orders executed on the Trading Platform, the final account specific allocations must be submitted to the clearing system no later than the end of each Trading Day.
- (B) Bunched orders may be entered through the Trading Platform; however, only the following order types may be bunched: "Market on Open", "Market on Close", same priced Limit Orders and same priced Stop Orders. Such orders may only be bunched in the following instances:
- (1) each order underlying the bunched order must be reduced to writing and include the information required pursuant to Rule 6.17(A) above;
 - (2) allocation of the executions for the bunched orders must be fair and equitable; and

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- (3) in circumstances where the order is bunched in a Member's sales office, the party accepting the order must, contemporaneously with the order placement, transmit the individual account numbers and quantities associated with the bunched order to the clearing member firm. Such transmission shall be maintained by the Clearing Member firm along with the bunched order.
- (C) Before entering bunched orders directly into the Trading Platform pursuant to paragraph (B) of this Rule 6.17, a Member (if it is not a Clearing Member), Seat Lessee or Guaranteed Customer shall provide the Clearing Member holding the account through which the bunched order is traded with a list of all Clearing Members to whom it may be assigning trades for clearance, and (if it is a Clearing Member) assign such trades for clearance in accordance with the rules of the Clearing House.

6.18 Simultaneous buy and sell orders for different beneficial owners

On the Trading Platform, opposite orders for different beneficial owners that are simultaneously placed by a Member, Seat Lessee or Guaranteed Customer with discretion over both accounts may be entered into the Trading Platform provided that one order is exposed for a minimum of five (5) seconds in the case of futures orders or for a minimum of fifteen (15) seconds in the case of Options orders. An order allowing for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite another order entered by the same firm only if this other order has been entered immediately upon receipt and has been exposed on the Trading Platform for a minimum of five (5) seconds for futures orders or a minimum of fifteen (15) seconds for Options orders.

6.19 Errors and omissions in handling orders

(A) Trade Errors

- (1) If a Member, Seat Lessee or Guaranteed Customer has failed to execute an order placed by a Customer or has made an error in handling a Customer order (such as by under-buying or under-selling) (in either case, a **Trade Error**), and the order cannot be executed in the market at a price which is equal to that which the order should have executed, the Member, Seat Lessee or Guaranteed Customer shall take one of the following actions:
- (a) execute the order, or remainder of the order, in the market and adjust the price received by the Customer if the price is less favourable than that to which the Customer was entitled due to the Member, Seat Lessee or Guaranteed Customer's error or mishandling of the order. If the order is filled at a more favourable price, the Customer is entitled to the better price;
 - (b) execute a spread transaction in accordance with paragraph (C) of this Rule 6.19, where applicable; or
 - (c) notwithstanding any rule to the contrary, take the opposite side of the order at a price which is equal to the price the order should have received had the error not occurred. If such price cannot be obtained in the market, or the Member, Seat Lessee or Guaranteed Customer discovers the error after the close of such market, the Member, Seat Lessee or Guaranteed Customer may assign the opposite side of the order to that Member, Seat Lessee or Guaranteed Customer's designated error account at a price which is equal to the price which the order should have received had the error not occurred. Any assignment made after the close of the market must be made promptly.

In no case may a Customer receive a price which is worse than that which the Customer should have received had the error not occurred. Any transaction or straddle transaction executed pursuant to paragraph (A)(1)(c) of this Rule 6.19 shall be within the trading range of the current Trading Day, that has been reported to the Exchange.

Procedures

A Member, Seat Lessee or Guaranteed Customer may take the opposite side of a Customer order to resolve a Trade Error in accordance with the following procedures:

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- (1) within fifteen (15) minutes of the resolution of a Trade Error, the Member, Seat Lessee or Guaranteed Customer must report to the Clearing House the details of the transactions made under this Rule 6.19 in respect of that Trade Error; and
- (2) trade data submitted to the Exchange shall specifically identify any cross trade resulting from a Member's, Seat Lessee's or Guaranteed Customer's resolution of an error and specify the account in which it will clear. Trade data pertaining to the offset of the cross trade shall specify the account in which the offsetting trade will clear.

Spread Transaction to Rectify Misexecution

In the event that a CTI 4 Customer order is executed in the wrong month or at the wrong strike price, including errors in execution due to a bona fide clerical error, the trade shall be referred to as a **Misexecution**. In the event of a Misexecution, a Member, Seat Lessee or Guaranteed Customer may use a spread transaction to re-execute the order and liquidate the position created by the Misexecution.

- (1) By the close of trading on the first Business Day following the day on which the Misexecution was effected:
 - (a) the Member, Seat Lessee or Guaranteed Customer shall report full details of all transactions made under this Rule 6.19(C) to the Clearing House;
 - (b) the Misexecution, as well as the liquidating trade, must be placed in either the Member, Seat Lessee or Guaranteed Customer's designated error account or personal account; and
 - (c) the pricing of the re-executed trade shall be consistent with pricing at the time of the Misexecution.
- (2) Any spread transaction executed for the purposes of taking advantage of a Customer order shall be a Major Offence.

Except as otherwise provided in this Rule 6.19, a Member, Seat Lessee or Guaranteed Customer shall not change the terms of a trade to correct a Trade Error.

(E) Nothing in this Rule 6.19 shall:

- (1) preclude the resolution of a dispute arising from or in connection with a Trade Error in accordance with Chapter 5 of these Rules; or
- (2) contravene any instructions received from a Customer respecting any order prior to its execution (but shall be construed to permit execution of orders under the conditions prescribed without prior instructions from the Customer).

(F) A Member, Seat Lessee, Guaranteed Customer or Authorised Terminal User who persistently enters Trade Errors may be susceptible to disciplinary action by the Exchange under Chapter 7 of these Rules.

6.20 Trade Cancellations And Price Adjustments

(A) **GCC Authority Regarding Trade Cancellations and Price Adjustments Trade Cancellation**

The Exchange, in consultation with GCC, will establish the Trade Cancellation Policy, which defines the parameters within which a may-cancel-a-trade may be cancelled or price adjusted or adjust the price at which a trade was undertaken further pursuant to this Rule 6.20 (the Trade Cancellation Policy) (the Trade Cancellation Policy). The Trade Cancellation Policy aims to balance the adverse effects on market integrity of executing trades and publishing trade information inconsistent with prevailing market conditions, while preserving legitimate expectations ~~that executed transactions will not be cancelled of trade certainty by market participants~~. The Trade Cancellation Policy authorises the GCC to adjust the price at which a trade was undertaken or cancel

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(bust) trades when such action is necessary to mitigate events resulting or which may result in market disruption and which are caused by the improper or erroneous use of the Trading Platform or through a system defect. Notwithstanding any other provisions of this Rule 6.20, the GCC may ~~adjust trade prices or bust any trade if the GCC and/or the Exchange determines that allowing the trade to stand as executed may have a material, adverse effect~~ apply the Trade Cancellation Policy if it determines that allowing the trade to stand as executed may have a materially adverse effect on the integrity of the market. ~~The~~All decisions of the GCC ~~and/or Exchange~~ shall be considered final.

(B) **Review of Trades**

The GCC, ~~in consultation with the Exchange,~~ may ~~determine to review a Trade~~ apply the Trade Cancellation Policy based on its ~~independent~~ analysis of market ~~conditions~~ activity or upon request by a Member, or other party to the trade ~~(the Trade Cancellation Requestview), (the Trade Cancellation Request).~~ A request for review Trade Cancellation Request must be made within eight (8) minutes of the execution of the trade ~~(the Reviewed Trade) subject to review (the Trade).~~ The GCC, ~~in consultation with the Exchange,~~ shall promptly determine whether ~~or not at the Trade~~ will be subject to review. ~~In the absence of an timely request for review, during volatile market conditions, upon the release of significant news, or in any other circumstance in which the GCC deems it to be appropriate, the GCC, in consultation with the Exchange, may determine, in its sole discretion, that a trade shall not be subject to review, and u~~Upon deciding to review a trade, the GCC will promptly issue an alert indicating that the Reviewed Trade is under review. ~~In the case of illiquid contracts, the GCC may initiate a review up to one (1) hour after execution of the Trade, and has the authority, but not the obligation, to review Trades reported more than one (1) hour following execution if it determines that that the price at which the Trade was executed was egregiously out of line with the fair market value of the Trade.~~

(C) **Trade Price Adjustments and Cancellations Process**

~~T~~The Exchange, in consultation with GCC, ~~determines pricing parameters for each Exchange Contract within which a Trade may not be cancelled. Such parameters are known as a No Bust Range. In order to provide the market with confidence that traded levels will stand, trades within the No Bust Range will not, under most circumstances, be cancelled by the Exchange, whether as a result of error or otherwise. The No Bust Range for each Exchange Contract will be published from time to time on the Exchange's website.~~

~~Upon making a determination that a trade will be subject to review, the GCC will first determine whether the trade priceprice of the Reviewed Trade is within the No Bust Range for futures or within the Bid/Ask Reasonability Allowance for options, as published by the Exchange from time to timein the case of Options, within the No Bust Range having applied the Bid/Ask Reasonability Allowance to the fair market value of the Option. The Bid/Ask Reasonability Allowance for an option shall be published by the Exchange from time to time and is the maximum width of the bid/ask range which will be considered reasonable for use in applying the parameters necessary to establish the No Bust Range for the option.~~

~~The GCC has authority to temporarily double the published No Bust Range without prior notice during fast market conditions, upon the release of significant news events, or in other circumstances in which the GCC determines it is appropriate. In applying the No Bust Range, the GCC shall determine the actual or implied fair value market price for that Exchange Contract at the time the Reviewed Tradetrade under review occurred immediately before the Trade. In doing so, the GCC may consider any relevant information, including but not limited to the last traded price for the Exchange Contract on the Trading Platform or, the existing market conditions, the volatility of the market, the prices of related instruments in other markets, a better bid or offer price on the Trading Platform, a more recent price in a different Contract Month, the price of the same or related contract established in another venue or another market, the market conditions at the time of the Reviewed Trade, the theoretical value of an option based on the most recent implied volatility and responses to a Request for Quote (RFQ) and any other factors that the Exchange, in consultation with the GCC, GCC deems relevant.~~

The GCC will review the price of Trades and determine whether the price at which the Reviewed Trade was executed falls within the No Bust Range for that Exchange Contract.

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(1) Trade Price Inside The No Bust Range:

If the GCC determines that the price at which the Reviewed Trade occurred took place is within the No Bust Range, the GCC will ~~promptly~~ issue an alert indicating that the Reviewed Trade shall stand.

(2) Trade Price Outside The No Bust Range:

~~(a) — Implied-Eligible Futures Contracts:~~

~~If the GCC determines that a trade the Reviewed Trade price is outside the published No Bust Range for a futures contracts (including futures spreads), the price of the Reviewed Trade shall be adjusted to a price that equals the fair value market price for that Futures Contract at the time the trade under review Reviewed Trade occurred, plus or minus the No Bust Range. In the event there are multiple parties, prices and/or contracts involved in the transactions at issue, the GCC has the authority, but not the obligation, to bust rather than price adjust such transactions. The GCC will issue an alert regarding its decision.~~

Option Contracts

~~If the GCC determines that a trade price the Reviewed Trade price is outside the applicable No Bust Range for an option contract, the Reviewed Trade trade price shall be adjusted. In the case of a buy (sell) error, the price will be adjusted to the determined ask (bid) price set forth in the Bid/Ask Reasonability Allowance, as published by the Exchange from time to time in Section G, plus (minus) the No Bust Range. In the event there are multiple parties, prices and/or contracts involved in the transactions at issue, the GCC has the authority, but not the obligation, to bust rather than price adjust such transactions. The GCC will issue an alert regarding its decision.~~

~~Busted trade prices and any prices that have been adjusted shall be cancelled in the Exchange's official record of time and sales. Reviewed Trades that are price adjusted shall be inserted in the time and sales record at the adjusted trade price.~~

(D) Alternative Resolution by Agreement of Parties

~~With the approval of the GCC, parties to a Reviewed Trade that is price adjusted may instead mutually agree to bust the Reviewed Trade. With the approval of the GCC, parties to a Reviewed Trade that is busted may instead mutually agree to price adjust the Reviewed Trade to a price consistent with the adjustment provisions of Rule 6.20(C) above. Parties to a Reviewed Trade that is busted or price adjusted may mutually agree to a cash adjustment provided that such adjustments are reported to the GCC and the parties maintain a record of the adjustment. An executed Reviewed Trade that has been executed may not be reversed via transfer except where such Reviewed Trade is determined by GCC to be outside of the No Bust Range but not reported timely, subject to agreement of the parties and approval of the GCC. Any such transfer must occur at the original trade price and quantity; however the parties may mutually agree to a cash adjustment. A Reviewed Trade that is not busted may not be reversed via a prearranged offsetting transaction unless such transactions are permitted and effected in accordance with this Rule 6.205 (D).~~

(E) Liability for Losses Resulting from Price Adjustments or Cancellation

~~A party entering an order that results in a price adjustment or trade bust shall be responsible for demonstrated claims of realized losses incurred by persons whose trade prices were adjusted or busted provided, however, that a claimant shall not be entitled to compensation for losses incurred as a result of the claimant's failure to take reasonable actions to mitigate the loss. A claim for a loss pursuant to this section must be submitted to the Exchange on an Exchange claim form (available from the Exchange's website), within five business days of the event giving rise to the claim. The Exchange shall reject any claim that is not filed in a timely manner or is not permitted by this section and such decisions shall be final. Eligible claims shall be forwarded by the Exchange to the party responsible for the order(s) that resulted in a trade bust or a price adjustment and to the Clearing Member through which the trade was placed. Such party, or the Clearing Member on behalf of~~

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the party, shall, within ten business days of receipt of the claim, admit or deny responsibility in whole or in part. Failure to respond to the claim within ten business days shall be considered a denial of liability. To the extent that liability is admitted, payment shall be made within ten business days. Unless otherwise agreed upon in writing by the parties, failure to make the payment within ten business days shall be considered a denial of liability for purposes of this rule. A copy of any such written agreement must be provided to the Exchange. To the extent that liability is denied, the party making the claim may submit the claim to arbitration in accordance with -Chapter 5 of these Rules. Such claims must be submitted to the Compliance Department of the Exchange within ten business days of the date the party was issued notification that liability was denied.

If the GCC determines that the price at which a Trade occurred falls outside the No Bust Range for any implied-eligible Exchange Contract, the price of the Trade shall be adjusted to a price that equals the actual or implied market price for that Exchange Contract at the time of the Trade, plus or minus the standard or doubled No Bust Range, as applicable. In the event that there are multiple parties, prices and/or contracts involved in the transactions at issue, the GCC has the authority, but not the obligation, to bust rather than price adjust such transactions. The GCC will promptly issue an alert indicating that the prices of these Trades outside the No Bust Range have been adjusted to the No Bust Range or have been busted.

~~(b) — All Other Futures Contracts:~~

If the GCC determines that the price of the Trade is outside the No Bust Range for any Exchange Contract other than an implied-eligible Exchange Contract, the GCC shall bust the Trade. The GCC will promptly issue an alert indicating that Trade outside the No Bust Range Range has been busted.

~~(3) — Liability for Losses Resulting from a Price Adjustment or Trade Bust:~~

A party responsible for entering an order that results in a trade price adjustment or cancellation shall not be liable for losses incurred by any Member, Seat Lessee or Guaranteed Customers whose trade prices were adjusted or cancelled, except as provided in Rule 6.20(C)(3)(a), (b) and (c) below ~~(Applicable Claims).~~

~~(a) — Implied Eligible Contracts — Price Adjusted Stop Orders:~~

A party responsible for an order(s) that results in a trade price adjustment shall be liable for actual losses incurred by persons whose stop orders were elected as a result of the order(s). The compensable loss on each Exchange Contract executed as part of a stop order shall be the difference between the adjusted price, as determined by the GCC, and the price in the market at the time the any Member, Seat Lessee or Guaranteed Customer knew or should have known that the stop order was erroneously elected.

~~(b) — Implied Eligible Contracts — Price Adjusted Spread Trades:~~

A party responsible for an order that results in a trade price adjustment shall not be liable to any Member, Seat Lessee or Guaranteed Customers whose spread orders were executed and adjusted unless the adjusted execution price of the spread is less favourable than the market equilibrium price for the relevant spread. The liability of the party responsible for an order that results in a price adjustment shall be limited to the difference between the adjusted price and the equilibrium market price, but shall not exceed the relevant No Bust Range.

~~(c) — Busted Trades:~~

A party responsible for an order that results in a trade bust may be liable for the reasonable out-of-pocket losses incurred by persons whose trades were busted or persons whose stop orders were elected and not busted. Issues of liability in such cases will be determined based upon all relevant facts and circumstances, including the conduct of the respective parties.

~~(D) — Claim Process~~

~~(1) — Applicable Claims pursuant to Rule 6.20(C)(3)(a) and (b) must be submitted to the Exchange on an Exchange claim form (available from the Exchange's website), within five (5) Business Days of the event~~

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giving rise to the Applicable Claim. The Exchange shall reject any Applicable Claim that is not permitted by Rule 6.20(C)(3)(a) or (b), and such decision shall be final. All Applicable Claims, which are not rejected by the Exchange, shall be forwarded to the party responsible for the order(s) that resulted in a trade bust or a price adjustment and to the Clearing Member through whom the trade was placed. Such party, or the Clearing Member on behalf of the party, shall, within ten (10) Business Days of receipt of the Applicable Claim, admit or deny responsibility in whole or in part. The liability for losses for any single Trade shall be limited to \$500,000.

(2) — To the extent that liability is admitted, payment shall be made within ten (10) Business Days. If liability is admitted but the total Applicable Claims exceeds \$500,000, the Applicable Claims shall be reduced pro rata so that the total payment does not exceed \$500,000. To the extent that liability is denied, the Applicable Claims shall be submitted to arbitration in accordance with Chapter 5 of these Rules.

(3) — A claim for loss pursuant to Rule 6.20(C)(3)(c) must be pursued in accordance with Chapter 5 of these Rules.

(E) — Trade Cancellation or Offset Procedures

(1) — Upon a determination by the GCC that a trade shall be busted or that trade prices shall be adjusted, that decision will be implemented. The busted trade price and any price quotes that have been adjusted will be reflected as cancelled in the Exchange's official record of time and sales. Time and sales will reflect the trades at the adjusted price.

(2) — If the Trade is not busted, the parties to the transaction cannot reverse the transaction by using a Type 8 Transfer, as defined below in Rule 6.20(F), except as provided for within the terms of Rule 6.20(C)(3)(c) and Rule 6.20(F). Additionally, if the Trade is not busted, the parties may not reverse the Trade by entering into a prearranged offsetting transaction unless such transactions are permitted and effected in accordance with Rule 6.24.

(F) — Type 8 Transfers

Positions that result from a Trade determined by the GCC to be outside the No Bust Range that cannot be busted because the Trade was not reported within eight (8) minutes of the execution of the Trade may be transferred between the parties using a Type 8 Transfer upon agreement of the parties. The Type 8 Transfer must use the original trade price and quantity. Any party may, but is not required to, include a cash adjustment to another party to the Trade. Trades determined by the GCC to be inside the No Bust Range may not be reversed using a Type 8 Transfer.

(G) — Arbitration of Disputes Regarding Type 8 Transfers

If a party does not agree to transfer a position pursuant to Rule 6.20(F) (a **Dispute**), any other party to the Trade may file an arbitration claim against the Member or Clearing Member representing the other side of the Trade (an **Arbitration Claim**). Written notice of such an Arbitration Claim must be provided to the Exchange within five (5) Business Days of the execution of the Trade. Failure to file the Arbitration Claim within five (5) Business Days shall be deemed a waiver of a party's right to arbitrate such Dispute. The Arbitration Claim will be dismissed by the Exchange if the owner of the account on the other side of the Trade is not a Member, Seat Lessee or Guaranteed Customer or a person otherwise subject to the Exchange's jurisdiction. If not dismissed, the Arbitration Claim will be conducted in accordance with Chapter 5 of these Rules. In deciding the Arbitration Claim, the Tribunal may consider, among other factors, the reasonableness of the actions taken by each party and what action the party on the other side of the Trade took before being notified that the Trade was under review.

(H) — Voluntary Adjustment of Trade Price

When a Trade outside of the No Bust Range is busted in accordance with this Rule 6.20, the parties to the Trade may agree voluntarily to re-establish the Trade but to adjust its price and make a cash adjustment provided that all of the following conditions are met:

(1) — the GCC approves the cash adjustment;

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~~(2) — the quantity of the position being reestablished is the same as the quantity of the Trade that was busted;~~

~~(3) — in the case of a Trade below the actual or implied market price, the adjusted price must be the lowest price that traded at or about the time of the Trade without being busted. In the case of a Trade above the actual or implied market price, the adjusted price must be the highest price that traded at or about the time of the Trade without being busted; and~~

~~(4) — the parties to the adjusted Trade must report it to the through C21 using a Type 8 Transfer with a "G" transfer code not later than the close of business on the Business Day after the Trade occurred.~~

~~(f) — Busting Trades after System Freeze~~

~~In the event that the Matching System freezes with live orders in the queue waiting to be matched, such orders may be matched when the Matching System is unfrozen before the GCC can halt the Matching System. The GCC is authorised to bust Trades resulting from such matches if the price of such Trades is outside of the No Bust Range at the time that a confirmation of the Trades was sent.~~

~~(FJ) Schedule of Administrative Fees~~

- ~~(1) When the GCC busts or price adjusts a Reviewed Trade, the party responsible for entering the order into the Trading Platform that gave rise to the Reviewed Trade which is the subject of the bust or price adjustment shall pay an administrative fee to the Exchange in the amount of \$500 for each such occurrence. If the party is not deemed a Member as defined in Chapter 2 of these Rules and a non-Member party to a Trade is responsible for entering an order that results in a trade bust fails to pay the fee, the in accordance with this Rule, the Clearing Member through which the trade was placed carrying the non-Member account shall be responsible for payment of the fee.~~
- ~~(2) A Member, Seat Lessee, Guaranteed Customer or Authorised Terminal User who persistently enters trades which are outside the No Bust Range may be subject to disciplinary action by the Exchange under Chapter 7 of these Rules.~~

6.21 Phantom Orders

(A) A Phantom Order is an order:

- (1) that was not authorised by any person but was caused by a failure, malfunction or negligent operation of the Trading Platform or any exchange, system, service or facility; or
- (2) whose terms (e.g., contract, Contract Month, quantity, price or direction) were changed without the authorisation of the person placing the order solely as a result of a failure, malfunction, or negligent operation of the Trading Platform or any any exchange, system, service or facility.

(B) If the Exchange has reason to believe that a Phantom Order has been or is being entered into and/or executed on the Trading Platform or any any exchange, system, service or facility, the Exchange shall be empowered to take appropriate action with respect to any affected market, including without limitation, closing the market, deleting bids and offers and/or suspending new bids and offers.

(C) The Exchange shall promptly give notice that all transactions executed on the Trading Platform that were directly or indirectly caused by the execution of Phantom Orders and that were executed at prices outside of the No Bust Range are void. The Exchange and the Clearing House shall have no liability or responsibility to the parties to any transactions that are voided pursuant to this paragraph (C).

(D) The Exchange shall also be empowered to void transactions occurring on the Trading Platform that were directly or indirectly caused by the execution of Phantom Orders and were executed at prices within the No Bust Range if the Exchange concludes that such transactions impair the integrity of the

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market. The Exchange's liability for voiding transactions within the No Bust Range is limited as provided in Rule 6.21(E).

- (E) Any liability of the Exchange for transactions voided by the Exchange that are within the No Bust Range shall be subject to Rule 6.33. If a Phantom Order which is entered onto or executed on the Trading Platform or any exchange, system, service or facility is not voided, then the person who traded opposite the Phantom Order shall have no recourse against the Exchange. The gain or loss on the liquidation of positions resulting from execution of such Phantom Orders shall be the Exchange's responsibility. The Exchange shall promptly direct the Member or Clearing Member carrying such positions to liquidate them in a commercially reasonable manner. Such Member, Seat Lessee, Guaranteed Customer or other non-Member customer shall liquidate within thirty (30) minutes of such notification or within thirty (30) minutes of the time it knew or should have known that it had been assigned transactions resulting from Phantom Orders, whichever is sooner. The Exchange's liability to such Member, Seat Lessee or Guaranteed Customer shall be limited to the prices at which the positions could have been liquidated during the relevant time period.

6.22 Termination of designation of a Member, Seat Lessee, Guaranteed Customer or Authorised Terminal User

When a person's Membership and/or right to access the Trading Platform have been terminated or suspended for any reason, the Clearing Member(s) (or former Clearing Member(s)) of the relevant Member, Seat Lessee or Guaranteed Customer, as the case may be, shall take all appropriate steps to prevent that person from entering orders on the Trading Platform, including immediately notifying the GCC.

6.23 Spread Transactions, Swap Transactions and Strip Transactions

- (A) This Rule 6.23 shall apply to all orders for and execution of Spread Transactions, Swap Transactions and Strip Transactions.
- (B) All orders for Spread Transactions (Intercommodity Spreads, intra-commodity spreads, cracks, Futures Spreads and Options-Futures Spreads), Swap Transactions and Strip Transactions shall be made at a stated price differential.
- (C) Transactions executed by the Trading Platform as legs as a result of orders for Spread Transactions or Strip Transactions shall set off stops in the affected contract. Transactions executed by the Trading Platform as Spread Transactions or Strip Transactions shall not set off stops in the affected contract, but shall set off stops with respect to the Spread Transaction or the Strip Transaction, as applicable.

6.24 Trading standards

- (A) References in this Rule 6.24 to Member shall be read to mean Member, Seat Lessee or Guaranteed Customer as the case may be.
- (B) Members and Authorised Terminal Users must exercise reasonable care in the entry of Customer order information into the Trading Platform.
- (C) A Member or Authorised Terminal User shall not withhold or withdraw from the market any Customer order or any part of a Customer order for his personal benefit or for the convenience of another.
- (D) A Member or an Authorised Terminal User who is an employee or agent of the Member must enter all Customer orders available for input into the Trading Platform before entering any order for his own account, an account in which he has a proprietary interest, a discretionary account for an immediate family member or an account in which the Member or any other employee of the Member has an interest.
- (E) A Member or an Authorised Terminal User who is an employee or agent of the Member who has entered an order into the Matching System which results in him having (immediately or subsequently) the highest bid or lowest offer for a particular Futures or Options Contract resting in the Trading Platform for his personal account, any account in which he has a proprietary interest, a discretionary account for an immediate family member or an account in which the Member or other

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employee of the Member has an interest, shall disclose the facts of the resting order to a Customer prior to accepting from such Customer any order for the opposite purchase or sale of the same contract.

- (F) A Member or an Authorised Terminal User who is an employee or agent of the Member may not enter an order that reflects the opposite side of a Customer order already resting in the Trading Platform and is for the account of:

- (1) the Member;
- (2) an account in which such Member has a proprietary interest;
- (3) a discretionary account for an immediate family member of an Authorised Terminal User; or
- (4) an account in which the Member or any employee of the Member has an interest,

unless the Customer order has rested in the System for at least five (5) seconds.

- (G) No Authorised Terminal User shall make any purchase or sale, or enter an order through the Trading Platform, to effect a trade that has been pre-arranged. The foregoing restriction shall not apply to transactions executed pursuant to permissible pre-execution discussions in accordance with the provisions of Rule 6.25.

- (H) No Member or Authorised Terminal User who is an employee or agent of the Member and acting on behalf of the Member, shall purchase any commodity for future delivery, purchase any call option, or sell any put option for any commodity Options Contract, for the account of the Member, or for any account in which he has an interest, while holding an order of another person for the purchase of any future, the purchase of any call option, or sale of any put option, in the same commodity which is executable at the market price or at the price at which such transaction can be made for the account of the Member or the account in which he has an interest.

- (I) No Member or Authorised Terminal User who is an employee or agent of the Member and acting on behalf of the Member shall sell any commodity for future delivery, sell any call option or purchase any put option for the account of the Member or for any account in which he has an interest, while holding an order of another person for the sale of any future, any call option, or purchase of any put option, in the same commodity which is executable at the market price or at the price at which such transaction can be made for the account of the Member or the account in which he has an interest.

- (J) No Authorised Terminal User shall place an order in the Trading Platform for any account of another person for which buying or selling orders can be placed or originated, or for which transactions can be executed by such Authorised Terminal User, without the prior specific consent of such other person (a **Discretionary Order**), regardless of whether the general authorisation for such orders or transactions is pursuant to a written agreement, except that Discretionary Orders may be placed with another Member for execution. The restrictions set forth in this paragraph (J) of this Rule 6.24 shall not apply to Discretionary Orders for:

- (1) a member of the immediate family of the Authorised Terminal User, which is defined in this Rule 6.24 to mean a spouse, parent, parent of a spouse, brother, sister, child or spouse of a child;
- (2) a Member by whom the Authorised Terminal User was designated to serve as a terminal operator;
- (3) a proprietary account of the Member by whom the Authorised Terminal User was designated to serve as a terminal operator; or
- (4) any other account where Authorised Terminal User does not trade for his own account or any other Customer account.

- (K) No Member or Authorised Terminal User who is an employee or agent of the Member shall disclose at any time that he is holding an order of another person or shall divulge any order revealed to him by

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reason of his relationship to such other person, except to execute an order or at the request of an authorised representative of the Exchange, the DFSA or any other regulatory authority of any state, territory or foreign country.

6.25 Permissible pre-execution discussions, pre-arranged, pre-negotiated and non-competitive trades

- (A) References in this Rule 6.25 to Member shall be read to mean Member, Seat Lessee or Guaranteed Customer, as the case may be.
- (B) No Member shall prearrange or pre-negotiate any purchase or sale or noncompetitively execute any transaction, except in accordance with Rules 6.25(C) and (D) below.
- (C) The foregoing restriction shall not apply to Block Trades, executed pursuant to Rule 6.34, or ~~EFR~~, ~~EFR and EQO~~ ~~EFRP~~ and ~~EFS~~ transactions effected pursuant to Rule 6.28.
- (D) Pre-Execution Communications:

A Member may engage in pre-execution communications with regard to transactions executed on the Trading Platform where one party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the order under the following circumstances:

- (1) a Member may not engage in pre-execution communications with other market participants on behalf of another party unless the party for whose benefit the trade is being made has previously consented to permit such communications;
- (2) Members to pre-execution communications shall not (a) disclose to a non-party the details of such communications or (b) enter an order to take advantage of information conveyed during such communications except in accordance with this Rule 6.25.
- (3) Members entering orders following pre-execution discussions must allow a period of at least five (5) seconds to elapse between entry of the two orders during which the order first entered is resting in the market for Futures and fifteen (15) seconds to elapse between entry of the two orders during which the order first entered is resting in the market for Options.

6.26 Restriction on simultaneous buy and sell orders on the Exchange

- (A) References in this Rule 6.26 to Member shall be read to mean Member, Seat Lessee or Guaranteed Customer as the case may be.
- (B) With respect to trading on the Trading Platform, no Member or Authorised Terminal User may enter orders for different principals as a cross-trade into the system.
- (C) Members and Authorised Terminal User shall enter orders into the system strictly on the basis of time of receipt of the orders. A Member or Authorised Terminal User holds a number of non-discretionary orders that cannot be immediately entered into the Trading Platform as a result of paragraph (F) of Rule 6.24, that Member or Authorised Terminal User must enter those orders when executable in the sequence in which those orders were received.

6.27 Transfer trades and office trades

- (A) References in this Rule 6.27 to Member shall be read to mean Member, Seat Lessee or Guaranteed Customer as the case may be.
- (B) Transfer trades are limited to trades made on the books of a Member for the purpose of:
 - (1) transferring existing trades from one account to another within the same office, or between different offices of such Member, where no change in ownership is involved (in which case the transferred trade must be recorded and carried at the original date and price or premium, or as otherwise approved in advance by the CCO or his designee, on the books of the receiving Member); or

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- (2) transferring existing trades from the record of one Member to the record of another Member when no change in beneficial ownership is involved, provided that no such transfer shall be made after receipt from the Clearing House of a Notice of Intention to Deliver on such trades or the issuance by such Member of a Notice of Intention to Accept (or, in the case of Options Contracts, after receipt from the Clearing House of notice of exercise and assignment on such trades). The transferred trade in the transferee's office must be recorded and carried at the original date and price or premium.
- (C) Every person handling, executing, clearing or carrying trades or contracts which are not competitively executed shall identify and mark by appropriate symbol or designation all such transactions or contracts and all orders, records and memoranda pertaining thereto.

6.28 Exchange for Related Positions EFPs and EFSs

The following transactions shall be permitted by arrangement between parties in accordance with the requirements of this rule:

Exchange for Physical ("EFP") – A privately negotiated and simultaneous exchange of an Exchange futures position for a corresponding cash position.

Exchange for Risk ("EFR") – A privately negotiated and simultaneous exchange of an Exchange futures position for a corresponding OTC swap or other OTC instrument.

Exchange of Options for Options ("EOO") – A privately negotiated and simultaneous exchange of an Exchange option position for a corresponding OTC option position or other OTC instrument with similar characteristics.

For purposes of this rule, an EFP, EFR or EOO shall be referred to as an Exchange for Related Position ("EFRP").

(A) Nature of an EFRP

An EFRP consists of two discrete but related simultaneous transactions. One party to the EFRP must be the buyer of (or the holder of the long market exposure associated with) the related position and the seller of the corresponding Exchange contract. The other party to the EFRP must be the seller of (or the holder of the short market exposure associated with) the related position and the buyer of the corresponding Exchange contract.

However, a member firm may facilitate, as principal, the related position on behalf of a customer, provided that the member firm can demonstrate that the related position was passed through to the customer who received the Exchange contract position as part of the EFRP.

(B) Related Positions

The related position (cash, OTC swap, OTC option, or other OTC derivative) must involve the commodity underlying the Exchange contract, or must be a derivative, by-product, or related product of such commodity that has a reasonable degree of price correlation to the commodity underlying the Exchange contract.

(C) Quantity

The quantity covered by the related position must be approximately equivalent to the quantity covered by the Exchange contracts.

(D) Prices and Price Increments

An EFRP transaction may be entered into in accordance with the applicable price increments or option premium increments set forth in the rules governing the pertinent Exchange contracts, at such prices as are mutually agreed upon by the two parties to the transaction.

(E) Date and Time of Transaction

Members involved in the execution of a EFRP transactions must maintain a complete record of the transaction. – EFRP transactions entered into CME ClearPort do not need a separate record of the transaction or time of execution provided that such transactions are entered immediately after the relevant terms have been determined, but in no event later than the earlier of the start of the next business day or the end of the permissible posting period for EFRP transactions following the expiration of the underlying futures contract. Upon receipt, the Exchange shall promptly publish

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information in respect of EFRP transactions separately from the reports of transactions in the regular market.

(F) Termination of Trading in Exchange Contracts

EFRP transactions may be permitted after termination of trading in expiring Exchange contracts, as prescribed in the applicable rules governing such Exchange contracts. Such transactions shall not establish new positions.

(G) Identification and Submission to the Clearing House

Each EFRP transaction shall be designated as such and shall be cleared through the Clearing House. Each such transaction shall be submitted to the Clearing House within the time period and in the manner specified by the Exchange. Clearing member firms are responsible for exercising due diligence as to the bona fide nature of EFRP transactions submitted on behalf of customers.

(H) Documentation

Parties to any EFRP transaction must maintain all documents relevant to the Exchange contract and the cash, OTC swap, OTC option, or other OTC derivatives, including all documents customarily generated in accordance with relevant market practices and any documents reflecting payment and transfer of title. Any such documents must be provided to the Exchange upon request, and it shall be the responsibility of the carrying clearing member firm to provide such requested documentation on a timely basis.

(I) Account Requirements

The accounts involved in the execution of an EFRP transaction must be (a) independently controlled accounts with different beneficial ownership; or (b) independently controlled accounts of separate legal entities with the same beneficial ownership, provided that the account controllers operate in separate business units; or (c) independently controlled accounts within the same legal entity, provided that the account controllers operate in separate business units; or (d) commonly controlled accounts of separate legal entities, provided that the separate legal entities have different beneficial ownership.

However, on or after the first day on which delivery notices can be tendered in a physically delivered Exchange futures contract, an EFRP transaction may not be executed for the purpose of offsetting concurrent long and short positions in the expiring Exchange futures contract when the accounts involved in such transaction are owned by the same legal entity and when the date of the Exchange futures position being offset is not the same as the date of the offsetting transaction.

(J) Large Trader Requirements for EFRP Transactions

Each clearing member, omnibus account and foreign broker submitting large trader positions in accordance with Rule 4.23 must submit for each reportable account the EFRP volume bought and sold in the reportable instrument, by contract month, and additionally for EOOs, by put and call strike. The information must be included in the daily Large Trader report to the Exchange.

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- ~~6.29 EFP and EFS transactions may be effected by means of the Exchange's facilities subject to and in accordance with the Clearing House Rules in relation to them. The Clearing House may impose additional requirements and restrictions in respect of such transactions and, in particular, may impose reporting requirements on Clearing Members in respect of their own and their Customers' EFPs and EFSs. Members, Seat Lessees and Guaranteed Customers are therefore required to give and obtain all necessary consents to such disclosure and reporting from their Customers before executing such contracts.~~
- ~~6.30 An "EFP" (Exchange of Futures for Physical) is a transaction whereby a Futures Contract is exchanged for or in connection with a cash transaction executed off the exchange in (or in a derivative or by-product of or related product to) the same commodity (a physical product).~~
- ~~6.31 An "EFS" (Exchange of Futures for Swap) is a transaction whereby a Futures Contract is exchanged for or in connection with a swap transaction executed off the exchange in relation to the same physical product.~~
- ~~6.32 At the time an EFP or EFS transaction is effected, the buyer and seller of the underlying Futures transaction must be the seller and the buyer respectively of:~~
- ~~6.33 for EFPs, a cash transaction; or~~
- ~~6.34 for EFSs, a swap transaction,~~
- ~~6.35 in or in relation to a quantity of physical product approximately equivalent to the quantity covered by the relevant Futures Contract.~~
- ~~6.36 Each EFP or EFS transaction shall be posted into the appropriate Trading Platform as advised by the Exchange from time to time.~~
- ~~6.37 Each EFP and EFS transaction shall be posted immediately when relevant cash terms or swap terms (as applicable) are determined, but in no event later than the earlier of the next Trading Day or the end of the permissible posting period for EFPs and EFSs as set out in this Rule 6.28 or specified by the Board from time to time. EFP and EFS transactions in relation to the Oman Crude Oil Futures Contract are permitted up to the time specified on the trading day following the last Trading Day in the expiring Contract Month.~~
- ~~6.38 An EFP or EFS that establishes a position for both buyer and seller shall not be permitted on the first Trading Day following the expiry of the relevant Exchange Contract.~~
- ~~6.39 For each EFP and EFS transaction, each buyer and seller must, at the Exchange's request, satisfy the Exchange that the transaction is a legitimate and bona fide transaction and:~~
- ~~6.40 upon the request of the Exchange, all documentary evidence relating to the EFP and EFS, including (without limitation), in the case of an EFP, evidence as to change of ownership of the physical product or a commitment for that product shall be obtained by the Member, Seat Lessee or Guaranteed Customer acting for the buyer or seller and made available for examination by the Exchange;~~
- ~~6.41 if the buyer or seller is a Member, Seat Lessee or Guaranteed Customer, the Exchange may obtain such information directly from such person(s);~~
- ~~6.42 if the buyer or seller fails to satisfy the Exchange that an EFP or an EFS transaction is legitimate and bona fide, the Exchange may in its absolute discretion refuse to register that transaction;~~
- ~~6.43 if the buyer or seller is a Member, Seat Lessee or Guaranteed Customer and fails to satisfy the Exchange that an EFP or an EFS transaction is legitimate and bona fide, it shall be subject to disciplinary action, which, depending on the gravity of the offence, may be deemed to be a Major Offence of these Rules; and~~
- ~~6.44 if the buyer or seller is not a Member, Seat Lessee or Guaranteed Customer, the Exchange may conduct a hearing before the CCO to limit, condition or deny access to the market.~~

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~~6.45 The Exchange shall presume that any EFP which does not involve commercial market participants as both buyer and seller is not a bona fide transaction, unless the Exchange is provided with documentation for examination clearly demonstrating that:~~

~~6.46 the cash transaction underlying the EFP is independent of and not contingent upon a contemporaneous offsetting cash transaction, and would have involved a cash market risk if not hedged by a Futures Contract; or~~

~~6.47 the physical product was or was to be delivered from the seller to the buyer, and~~

~~6.48 for the purposes of this Rule 6.28 (I), a commercial market participant means a person or entity that transacts business in the normal channels of commerce in the physical product underlying an EFP posted on the Exchange.~~

6.496.29 Trade formation

(A) In this Rule 6.29, reference to a Member shall also include a Guaranteed Customer and/or a Seat Lessee with direct access to the Trading Platform and who trades on an account or accounts held by the Seat Lessee with a Clearing Member.

(B) Except where paragraph (C) of this Rule 6.29 applies, the following contracts in the terms of an Exchange Contract shall arise when the Trading Platform matches two orders, and each such contract shall be in the terms of the bid and the offer matched when the orders are so matched:

(1) where a Member trades as principal (other than a Clearing Member trading as principal for its own account), a contract between the Member and the Clearing Member carrying the account for which the order was submitted by that Member (in respect of which the Member shall be the buyer or the seller);

(2) where a Member trades as agent, a contract between the principal for whom the Member acts and the Clearing Member carrying the account for which the order was submitted by that Member (in respect of which the principal (Customer, Affiliate or other Member) shall be the buyer or the seller);

(3) where a Member trades as principal for its Customer account, a contract between it and the Customer for whose order the Member executed the trade;

(4) where the two (2) Members are both either:

a Clearing Member submitting an order as principal for its own account; or

a Member submitting an order referred to in Rule 6.29(B)(1) to (3),

and the orders are for accounts carried by different Clearing Members (or the same Clearing Member unless that Clearing Member is submitting both orders as principal for its own account), a contract between each such Clearing Member (in respect of which (i) a Clearing Member submitting an order as principal for its own account shall be the buyer or seller, if it is the buyer or seller respectively under that order, and (ii) a Clearing Member shall be the buyer or the seller, if it is the seller or the buyer respectively on the contract between it and the relevant Member or principal referred to in 6.29(B)(1) to (3));

(5) where the same Clearing Member acts as Clearing Member in respect of both orders matched by the Trading Platform then unless the Clearing Member acted as principal for its own account in respect of each order for the purposes of these Rules and the Rules of the Clearing House, a contract shall be deemed to arise between the Clearing Member and itself. Such contract shall (whether or not effective in law as a contract) be regarded for the purposes of these Rules as a contract and shall be submitted to the Clearing House for clearing in accordance with the Clearing House's Rules; and

no contract shall arise between the Members whose orders are matched (except where those Members are Clearing Members and a contract between them arises by virtue of Rule 6.29(B)(4) or a contract between a Clearing Member and itself is deemed to arise by virtue of Rule 6.29(B)(5)).

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- (C) The following contracts in the terms of an Exchange Contract shall arise in relation to an order matched in the Matching System which is a bunched order in accordance with Rule 6.17(A) when the Trading Platform matches it with another order.

In paragraphs (C) and (D) of this Rule 6.29, the following terms are used:

- (a) Member X: the Member who submitted the bunched order;
- (b) Clearing Member A: if Member X is not a Clearing Member, the Clearing Member holding the account through which Member X trades the bunched order;
- (c) Member Y: the Member matching Member X's order;
- (d) Clearing Member B: if Member Y is not a Clearing Member, the Clearing Member holding the account through which Member Y's matching order is traded.

Each such contract shall be in the terms of the bid and the offer matched when the orders are so matched.

- (1) If Member X is a Clearing Member, a contract between (i) Member X and (ii) Member Y (if a Clearing Member) or Clearing Member B;
- (2) If Member X is not a Clearing Member,
 - (a) a contract between Member X and Clearing Member A;
 - (b) a contract between (i) Clearing Member A and (ii) Member Y (if a Clearing Member) or Clearing Member B (in respect of which Clearing Member A shall be the buyer or the seller if it is the seller or the buyer respectively on the contract between it and Member X);
- (3) in either case, where Member X executes a trade as principal for its Customer account, a contract between it and the Customer(s) for whose order(s) the Member executed the trade; and

no contract shall arise between the Members whose orders are matched (except where those Members are Clearing Members and a contract between them arises by virtue of Rule 6.29 (C)(1) and (2)).

- (D) Where Member X enters and validates information in accordance with Rule 6.17 allocating a trade to a Customer's Clearing Member (Clearing Member C), and Clearing Member C does not reject that allocation, if Member X acted:

- (1) as principal and the trade is allocated to Member X's Customer Omnibus Account, Clearing Member C shall be substituted as a party in place of Member X (if Member X is a Clearing Member) or in place of Clearing Member A (if Member X is not a Clearing Member) on the contracts arising pursuant to paragraphs (C)(1) and (C)(2) of this Rule 6.29 in respect of such trade;
- (2) as principal and the trade is allocated to the Customer's account at a Clearing Member C, and Member X, the Customer and Clearing Member C have executed a give-up agreement in a form acceptable in the futures industry, Clearing Member C shall be substituted as a party in place of Member X and in place of Clearing Member A on the contracts arising pursuant to paragraph (C) of this Rule 6.29; and
- (3) as agent and the trade is allocated to Member X's account at Clearing Member C, Clearing Member C shall be substituted as a party in place of Member X (if Member X is a Clearing Member) or in place of Clearing Member A (if Member X is not a Clearing Member) and the

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Customer in place of Member X on the contracts arising pursuant to paragraph (C) of this Rule 6.29.

- (E) The Exchange shall on a timely basis (and is hereby authorised to) present and confirm to the Clearing House particulars of all contracts in the terms of an Exchange Contract that arise under this Rule 6.29 between Clearing Members (including any such contract between the same Clearing Member acting in different capacities in respect of that contract).

6-506.30 Daily Settlement Prices and Post Close Prices

- (A) For each Futures Contract, the Exchange shall publish a daily Settlement Price. For each Options Contract, the Exchange shall publish a daily Options Settlement Premium. Any Settlement Price or Options Settlement Premium shall be determined by the Exchange in accordance with its published procedures and, in respect of the last Trading Day for such Contract, in accordance with the relevant contract specification.
- (B) The daily Post Close Price for each Futures Contract shall be determined by the Exchange in accordance with its published procedures. The daily Post Close Price for each Futures Contract shall be set at 14:30 (New York Time). The daily Options Post Close Premiums shall be determined by the Exchange in accordance with procedures published by the Exchange and shall be set at 14:30 (New York Time). For each Options Contract, the Exchange may also publish a daily Options Post Close Premium.
- (C) The Exchange may request from any Member representing that certain market information should be considered in the determination of a daily Settlement Price, Options Settlement Premium, Post Close Price or Options Post Close Premium such documentation as it deems appropriate.
- (D) The Exchange shall notify the daily Post Close Price and Settlement Price (or, in the case of an Options Contract, the daily Options Settlement Premium and Options Post Close Premium) determined by the Exchange to the Clearing House. The Clearing House shall use the final Settlement Price (or, as the case may be, final Options Settlement Premium) in the calculation of margin in respect of the last Trading Day in a Contract Month and the Post Close Price (or, as the case may be, Options Post Close Premium) in the calculation of original and variation margin in respect of other Trading Days, unless in either case the Clearing House reasonably believes that such price (the **Margining Price**) is erroneous, in which case:
- (1) it will notify the Exchange with a view to agreeing on an appropriate daily Margining Price; or
 - (2) in the absence of such agreement, it will notify the Exchange of the Margining Price it will use.

6-546.31 Floor and General Trading Offences

- (A) Betting or offering to bet on the Exchange Floor or in any part of the Exchange premises or handling offers of others to bet is prohibited (and for the avoidance of doubt, entering into or executing Exchange Contracts shall not be regarded as betting for the purposes of this Rule).
- (B) Smoking on the Exchange Floor or in any part of the Exchange premises is prohibited.
- (C) The possession or use of any illegal drug, or other controlled substance, on the Exchange Floor or in any part of the Exchange premises is prohibited.
- (D) The use of alcohol on the Exchange Floor or in any part of the Exchange premises is prohibited.
- (E) If a Member or Seat Lessee or any of its employees damages or destroys property of the Exchange, it shall be repaired or replaced to the same condition prior to the damage under the direction of the CCO and the expense thereof charged to such Member or Seat Lessee.
- (F) No person within the jurisdiction of the Exchange shall engage in any conduct subversive of good order or decorum or which interferes with the personal comfort or safety of others or breach any

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Rules or resolutions adopted by the Board which relate to the conduct or attire of those on the premises of the Exchange.

- (G) Acts committed on the Exchange Floor or in any part of the Exchange premises which constitute striking, shoving, kicking or otherwise subjecting another person to physical abuse, or attempts or threats to do the same, or behaviour which is, or which is perceived as, threatening physical abuse, are prohibited.
- (H) The Compliance Department shall have the power to enforce this Rule 6.31 summarily pursuant to Chapter 7 of these Rules.

6.526.32 Communications between Members, Seat Lessees and Guaranteed Customers

The Exchange has no responsibility for any act, error or omission of its employees in connection with the receipt or transmission of messages or other communications between Members, Seat Lessees and Guaranteed Customers or between such persons and their offices or other persons, all of which is entirely at the risk of the Member, Seat Lessee or Guaranteed Customer receiving or sending such message or communication or the Member, Seat Lessee or Guaranteed Customer or other person for whom the same may be intended.

6.536.33 Limitation of liability

- (A) This limitation of liability in this Rule 6.33 shall apply to Members, Seat Lessees, Guaranteed Customers, Authorised Terminal Users, any other individual or entity accessing or using the Trading Platform or trading Exchange Contracts, and any other individual or entity to whom such limitation of liability may reasonably be found to apply, as the case may be.
- (B) Except as provided in this Rule 6.33, and except where the liability results from a person's wilful misconduct in which case such person cannot avail itself of the protections in this Rule 6.33, none of the Exchange or its Affiliates, nor the CME Group Inc. (which reference shall for the purposes of this Rule 6.33 also include CME Group Inc.'s subsidiaries and affiliates including, but not limited to, Chicago Mercantile Exchange, Inc. and the New York Mercantile Exchange, Inc.) nor any of their respective officers, directors, employees, agents, consultants, information providers, independent contractors or subcontractors and licensors (collectively, **Covered Persons**) shall be liable to any person for any losses, damages, costs or expenses (including, but not limited to, loss of profits, loss of use, and direct, special, indirect, incidental or consequential damages) arising from:
 - (1) any failure or malfunction, including any inability to enter or cancel orders on the Trading Platform or delay in being able to do so;
 - (2) any failure, malfunction, fault in delivery, delay, omission, suspension, inaccuracy, interruption, termination, or any other cause, in connection with the furnishing, performance, operation, maintenance, use of or inability to use:
 - all or any part of any of the Exchange's systems, services, equipment or facilities;
 - data made available through the Exchange's systems; or
 - any services used to support the Trading Platform or the Exchange's other systems;
 - (3) any unauthorised access to or unauthorised use of any of the Exchange's systems, services or facilities by any person;
 - (4) any person using the Trading Platform being unfamiliar with the Trading Platform or failing to following instructions for its use; and
 - (5) the negligence or wilful misconduct of any provider of services to the Exchange or the Trading Platform.

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The foregoing limitation of liability shall apply whether a claim arises in contract, tort, negligence, strict liability, contribution or otherwise, and whether the claim is brought directly or as a third party claim.

- (C) There are no express or implied warranties or representations (including but not limited to warranties of merchantability and fitness for a particular purpose or use) provided by any Covered Person relating to the Trading Platform or any of the Exchange's systems or services.
- (D) DME does not guarantee continuous, uninterrupted or secure access to the Trading Platform. The transmission of data on any electronic system may be subject to: interruption; interference; blackout; failure; systems or service unavailability or failure; hardware or software malfunction or failure; interception by third parties; unauthorised access; theft; modification or inaccuracy. The reliability, availability, performance and other aspects of the Internet are beyond the Exchange's reasonable control. A number of conditions may affect an Authorised Terminal User's ability to enter orders and to trade, including but not limited to a problem with the Internet causing the slowing, disruption or termination of information flow, an inability to access the Trading Platform due to the Member's Internet service provider, or a telephone line, cable or other communication link disruption. The speed of an order entry may be affected by a number of factors including but not limited to: the Authorised Terminal User's connection speed; the load of his Internet service provider; his computer processor speed; and his computer RAM memory.
- (E) DME, and the CME Group Inc. may provide employees (including employees in GCC) to perform certain services on behalf of DME for Members, Seat Lessees, Guaranteed Customers and Authorised Terminal Users with respect to the Trading Platform (the **Service Centre Employees**). Neither the Exchange nor CME Group Inc. shall be liable for any loss resulting from any inability to communicate with Service Centre Employees. The liability of the Exchange or the CME Group Inc. for the negligent acts of Service Centre Employees shall be subject to the limitations and conditions of this Rule 6.33. In no event, however, shall the Exchange or CME Group Inc. be liable for the negligence of Service Centre Employees if the person claiming to have suffered a loss could have secured the support it sought from any Service Centre employee by access through a different route (for example through its own alternative access, a Clearing Member or its independent software vendor). For the purposes of this Rule 6.33, a person is deemed able to obtain access to Service Centre employees through its own alternative access, a Clearing Member or its ISV unless such access was inoperative or interrupted at the relevant time.

6.546.34 Block Trades

- (A) In this Rule 6.34, reference to a Member shall also include a Guaranteed Customer and a Seat Lessee.
- (B) Block trades (privately negotiated transactions) shall be permitted subject to the remaining provisions of this Rule 6.34.
- (C) A Block Trade must be for a quantity that is at or in excess of the minimum quantity threshold. No Member may aggregate orders from multiple accounts in order to meet the minimum quantity threshold, unless that Member is permitted to do so by any regulator who is responsible for the activities of that Member on the Exchange.
- (D) A Member shall not execute any order by means of a Block Trade for a Customer unless that Customer has specified that the order is to be executed as a Block Trade.
- (E) The price at which a Block Trade is executed must be fair and reasonable in light of:
 - (1) the size of the Block Trade;
 - (2) the prices and sizes of other transactions in the same contract at the relevant time;
 - (3) the prices and sizes of transactions in other relevant markets, including without limitation the underlying cash and futures markets, at the relevant time; and
 - (4) the circumstances of the markets or the parties to the Block Trade.

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- (F) Block Trades shall not trigger Stop Orders or any other conditional orders, permitted by these Rules, or otherwise affect orders in the regular market.
- (G) The buyer and seller to each Block Trade must ensure that it is reported to the Exchange within five (5) minutes of the time of execution. The Block Trade must be submitted in accordance with procedures prescribed by the Exchange. The Exchange shall promptly publish information in respect of Block Trade(s) separately from the reports of transactions in the regular market.
- (H) Members involved in the execution of a Block Trade must maintain a complete record of the transaction.

Block Trades shall be permitted in ~~quantities~~ accordance with this Rule 6.34 in ~~the following~~ Exchange products ~~Contracts determined by the Exchange from time to time. Generally, the Block Trade size information will be published on the Exchange's website, or otherwise with the prior approval of the DFSA under the conditions described:~~

~~(a) —DME Oman Crude Oil Futures Contracts, for a threshold minimum quantity of one hundred (100) contracts.~~

~~(b) —DME Oman Crude Oil Financial Contracts, for a threshold minimum quantity of one hundred (100) contracts.~~

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Chapter 1 Definitions and Interpretation

1.1 Definitions

In these Rules, the following terms have the following meanings:

Access Clearing Member has the meaning given to it in Rule 6.4(E).

Affiliate, in relation to a person, means any other person who (i) owns 50% or more of that person; (ii) is owned 50% or more by that person; or (iii) is owned 50% or more by a third party who also owns 50% or more of that person.

AMI means the Authorised Market Institutions module of the DFSA Rulebook.

AMLSCU means the Anti-Money Laundering and Suspicious Cases Unit of the Central Bank of the UAE.

Appeal Committee means the committee of that name appointed in accordance with Chapter 3.

Applicable AML Requirements means all legislation, regulations and rules applicable to the Exchange, Members, Seat Lessees and Guaranteed Customers, respectively, relating to the prevention of money laundering.

Applicable Claims has the meaning given to it in Rule 6.20(C)(3).

Arbitration Claim has the meaning given to it in Rule 6.20(G)

Arbitration Panel means any person or panel empowered by an Authorised Market Institution, Recognised Body or any other exchange or other regulated or self-regulated body to arbitrate disputes involving their members or customers.

Arbitration Rules means the Rules set out in Chapter 5.

AUT means the Authorisation module of the DFSA Rulebook.

Authorised Firm means a person, other than an Authorised Market Institution, which holds a Licence.

Authorised Market Institution means a person who is licensed by the DFSA to carry on an exchange or a clearing house in or from the DIFC.

Authorised Terminal User means in relation to a Member, a Seat Lessee or a Guaranteed Customer, an individual (including, within this limitation, an employee, agent, independent contractor or Customer of the Member) whom the Member, Seat Lessee or Guaranteed Customer has designated to serve as terminal operator or otherwise authorised to access the Trading Platform via a Certified Application and whom the Member, Seat Lessee or Guaranteed Customer has notified to the Exchange in the manner prescribed by the Exchange.

Block Trade means a transaction organised and executed in relation to Block Trades pursuant to Rule 6.34.

Board means the board of directors of DME.

Business Day means a day on which banks are open for business in New York.

CCO (or **Chief Compliance Officer**) means the Exchange employee appointed as chief compliance officer by the Board from time to time.

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CEO (or **Chief Executive Officer**) means the Exchange employee or director appointed as chief executive officer by the Board from time to time.

Certified Application means any front-end trading application, provided by the Member, Seat Lessee or Guaranteed Customer or a third party, via which the Member, Seat Lessee or Guaranteed Customer and/or its Authorised Terminal Users may access the Trading Platform (and all modifications of such application), the connection of which to the Trading Platform:

- (i) has been certified by NYMEX, Inc. on behalf of the Exchange in accordance with the Exchange's current technical certification procedures, as prescribed by the Exchange, and
- (ii) meets the Exchange's credit control and audit trail requirements.

CFTC means the Commodity Futures Trading Commission.

Chairman means the chairman of the Board.



Clearing House means NYMEX, Inc. in its capacity as clearing house for transactions entered into on the Exchange.

Deleted: Clearing 21® (or C21®) means

Deleted: the NYMEX system used for clearing Exchange and NYMEX, Inc. trades from time to time

Clearing House Board means the board of directors of the Clearing House.

Clearing House Rules means the rules and bye-laws of the Clearing House in force from time to time.

Clearing Member means a clearing member of the Exchange and **Clearing Membership** shall be construed accordingly.

Clearing System means, collectively, the CME's Front-End Clearing, Positions and Deliveries Plus systems which are used to effectuate the clearing of the Exchange's contracts.

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CME means Chicago Mercantile Exchange Inc.

COB means the Conduct of Business module of the DFSA Rulebook.

Compliance Department has the meaning given to it in Rule 7.6.

Compliance Review Committee means the committee of that name appointed in accordance with Chapter 3.

Confidential Information means information, which if such information were publicly known, would be considered important by a reasonable person in deciding whether to trade a particular commodity interest on any exchange or trading facility. This includes, but is not limited to, information relating to present or anticipated cash, Futures or Option positions, trading strategies, the financial condition of members of linked or competing exchanges or their customers or the regulatory actions or proposed regulatory actions of a linked or competing exchange, or any of its regulators.

Conflicts Law means the Law on the Application of Civil and Commercial Laws in the DIFC, DIFC Law No. 4 of 2004 made by the Ruler of the Emirate of Dubai.

Contract Market means a board of trade designated by the CFTC as a contract market under the Commodity Exchange Act or in accordance with the provisions of Part 33 of Chapter 1 of the Code of Federal Regulations.

Contract Month in relation to any Exchange Contract means such months as determined by the Board.

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Controlled Account, for the purposes of Chapter 3, has the meaning given to it in Rule 3.10.

Controller means, in relation to a firm or other undertaking ("A"), a person who falls within any of the following categories, namely where the person:

- (i) holds ten per cent (10%) or more of the shares in A; or
- (ii) is able to exercise significant influence over the management of A through his shareholding in A; or
- (iii) holds ten per cent (10%) or more of the shares in a Parent Undertaking (**P**) of A; or
- (iv) is able to exercise significant influence over the management of P through his shareholding in P; or
- (v) is entitled to exercise, or control the exercise of, ten per cent (10%) or more of the voting power in A; or
- (vi) is able to exercise significant influence over the management of A through his voting power in A; or
- (vii) is entitled to exercise, or control the exercise of, ten per cent (10%) or more of the voting power in P; or
- (viii) is able to exercise significant influence over the management of P through his voting power in P.

COO (or **Chief Operating Officer**) means the Exchange employee appointed as Chief Operating Officer by the Board from time to time.

Corresponding Contract means, in relation to a Market Contract between one party as buyer and another as seller (each acting as principal), a contract in the terms of an Exchange Contract on the same terms between such persons save in respect of the price or as to any premium, where the first such party is the seller and the other is the buyer.

Covered Persons has the meaning given to it in Rule 6.33(B).

Current Market Price means, in relation to any delivery month and any Exchange Contract, the current bid or offer price or the latest traded price (as the context may require), and **Current Bid** and **Current Offer Price** shall be construed accordingly.

Customer means a customer of a Member or a Designated Non-Member.

Customer Account, for the purposes of Chapter 3, has the meaning given to it in Rule 3.10.

Default Committee means the committee designated by the Board as such pursuant to the Default Rules.

Default Rules means the Rules set out in Chapter 8.

Default Settlement Amount has the meaning given to it in Rule 8.8.

Defaulter means a Member or Designated Non-Member who has been declared to be a defaulter pursuant to the Default Rules.

De Minimis Position, for the purposes of Chapter 3, has the meaning given to it in Rule 3.10.

Deputy Chairman means the deputy chairman of the Board.

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Designated Non-Member means a person (other than a Member) designated under the Default Rules or by the Board as such in respect of any contracts specified in such designation.

DFSA means the Dubai Financial Services Authority.

DFSA Rulebook means the Rulebook of the DFSA in force from time to time.

DIFC means the Dubai International Financial Centre.

Disciplinary Committee means the committee of that name appointed in accordance with Chapter 3.

Disciplinary Offence, for the purposes of Chapter 3, has the meaning given to it in Rule 3.9.

Discretionary Order has the meaning given to it in Rule 6.24(J).

Dispute has the meaning given to it in Rule 6.20(G)

DME means Dubai Mercantile Exchange Limited.

dollar or **\$** means the lawful currency of the US for the time being, and **cent** means a denomination equal to one-hundredth ($\frac{1}{100}$) of one (1) dollar.

EFPP has the meaning given to it in Rule 6.25.

EFS has the meaning given to it in Rule 6.28.

Enforcement Committee means any person or committee that is authorised by an Authorised Member Institution, Recognised Body, any other exchange or any other regulated or self-regulated body to issue disciplinary charges, to conduct disciplinary proceedings, to settle disciplinary charges, to impose disciplinary sanctions or to hear appeals thereof, and in the case of the Exchange, shall include, but not be limited to, the Disciplinary Committee and the Appeal Committee.

Event of Default has the meaning given to it in Rule 8.6.

Exchange means, for the purposes of the Rules, the exchange operated by DME.

Exchange Contract means a contract admitted to trading on the Exchange.

Exchange Floor means the electronic trading floor operated by the Exchange in the DIFC.

Failure, in relation to a Member, Seat Lessee, Guaranteed Customer or Authorised Terminal User, has the meaning set out in Rule 7.37.

Financial Service has the meaning given to it in Rule 2.2 of GEN.

Financial Services Prohibition has the meaning given to it in Chapter 1 of Part 3 of the Regulatory Law.

Firm means a corporation, partnership, association, sole proprietorship or other legal entity, but not a natural person.

Floor Member has the meaning given to it in paragraph (C) of Rule 2.1 and **Floor Membership** shall be construed accordingly.

Floor Membership Privilege means the ownership of one (1) Class B share in the issued share capital of DME Floorco Limited with all rights attaching to such Class B share and the rights set out in paragraph (D) of Rule 2.1.

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Futures Contract means a commodity futures contract admitted to trading on the Exchange and **Future** and **Futures** shall be construed accordingly.

Futures Spread means any spread transaction involving the sale and purchase of two (2) or more Futures contracts in relation to the same underlying commodity for different delivery months, consisting of the simultaneous conclusion of one or more such contracts at a stated price differential for a single account.

GCC has the meaning given to it in Rule 6.2(A).

GEN means the General module of the DFSA Rulebook.

Guaranteed Customer means a Customer guaranteed by a Clearing Member and permitted by that Clearing Member to have direct access to the Trading Platform in accordance with Rule 4.14.

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Hearing Panel means the panel appointed to hear and decide disciplinary matters by the chairman of the Membership Committee in accordance with Rule 7.16.

High means, in respect of any Exchange Contract, any delivery month and any Trading Session (or trading period), the highest price at which any transaction in that Exchange Contract is reported during that Trading Session (or trading period) for that delivery month.

Insolvency Event means in respect of a person, any of:

- (i) its failing to pay or being unable to pay its debts as they become due;
- (ii) its admitting that it is unable to pay its debts generally or as they become due or its becoming or being deemed to become unable to pay his debts;
- (iii) its making a general assignment for the benefit of, entering into a reorganisation, arrangement or composition with creditors;
- (iv) any proceedings being commenced or steps being taken by or against that person seeking or proposing to adjudicate it bankrupt or insolvent, or seeking or proposing liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection, moratorium or similar relief or composition of it or its debts or seeking the entry of an order for relief or the appointment of a receiver, receiver and manager, liquidator, provisional liquidator, administrator, custodian, trustee, examiner, conservator or other similar official of it or any substantial part of its revenues and/or assets;
- (v) any sequestration, distress, execution attachment or other process being enforced or levied against such person or against any substantial part of its assets or revenues and not being discharged within five (5) days of being so enforced or levied;
- (vi) its taking any action or step to authorise, institute or commence any of the actions referred to above, including its passing of any resolution for such person's winding-up, official management or liquidation;
- (vii) its taking any action in furtherance of or indicating its consent to, approval of or acquiescence in any of the above; or
- (viii) such person's death, adjudication of mental incapacity or dissolution or, where its existence depends on any formal registration, such registration being removed or ceasing to be in force,

in each case whether under the laws relating to bankruptcy, insolvency or reorganisation or relief of debtors of the country of incorporation or domicile of the person or under the laws of

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any other jurisdiction or otherwise, and includes any event which with the giving of notice or the lapse of time would be an Insolvency Event.

Insolvency Regulations means the DIFC Insolvency Regulations, made by the Board of Directors of the DIFC Authority.

Intercommodity Spread means any spread transaction involving two (2) or more Futures Contracts in relation to different underlying commodities, consisting of the simultaneous conclusion of one or more such contracts at a stated price differential for a single account.

ISV has the meaning given to it in Rule 6.2(B).

Large Trader Report means the report that a Clearing Member is required to submit to the Clearing House in machine readable format daily if it or any Omnibus Account or any Customer holds or controls a position is equal to, or in excess of the reporting limit in Rule 4.25.

Legal Counsel means the Exchange employee appointed as Legal Counsel by the Board from time to time.

Licensed Function has the meaning given to it in Rule 10 of AUT.

Licensing Requirements means the licensing requirements for Authorised Markets Institutions under Rule 7 of AMI.

Limit Order means an order expressed to be a limit order by the person giving it.

Low means, in respect of any Exchange Contract, any delivery month and any Trading Session (or trading period), the lowest price at which any transaction in that Exchange Contract is reported during that Trading Session (or trading period) for that delivery month.

Major Offence means any of the offences set out in paragraph (F) of Rule 7.5.

Margining Price has the meaning given to it in Rule 6.30(D).

Market Conduct Requirements means all legislation, regulations and rules applicable to a Member, Seat Lessee or Guaranteed Customer (as the case may be) relating to the prevention of market misconduct or abuse, including (without limitation) Part 8 of the Markets Law.

Market Contract means a contract in the terms of an Exchange Contract entered into by a Member or Designated Non-Member which is either:

- (i) a contract made on the Exchange;
- (ii) a contract made on an exchange to whose undertaking the Exchange has succeeded whether by amalgamation, merger or otherwise; or
- (iii) a contract in the making of which the Member or Designated Non-Member was subject to the Rules; and

for the avoidance of doubt:

- (a) contracts between the Clearing House and any Clearing Member are not Market Contracts; and
- (b) where any Market Contract is entered into for a number of lots, it shall be regarded as a series of separate Market Contracts each in respect of one lot.

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Market-Limit Order means an order expressed to be a market-limit order by the person giving it.

Market Order means an order expressed to be a market order or an at market order by the person giving it.

Markets Law means the Markets Law, DIFC Law No.12 of 2004 made by the Ruler of the Emirate of Dubai.

Matching System means programs and database in the Trading Platform that accept, match and report execution of orders in the Trading System.

Member means a Floor Member, an Off-Floor Member or a Clearing Member, unless the context otherwise specifically admits.

Membership means Floor Membership, Off-Floor Membership or Clearing Membership, unless the context otherwise specifically admits.

Membership Committee means the committee of that name appointed in accordance with Chapter 3.

Membership Department means the membership department of the Exchange from time to time.

Minor Offence means any of the offences set out in paragraph (G) of Rule 7.5.

Misexecution has the meaning given to it in Rule 6.19(C).

Named Party in Interest, for the purposes of Chapter 3, has the meaning given it in Rule 3.10.

Net Capital means in relation to an undertaking assets less liabilities calculated in accordance with accounting principles, concepts, bases and policies generally adopted and accepted in the jurisdiction of its organisation.

No Bust Range means, in respect of an Exchange Contract, the No Bust Range determined in accordance with Rule 6.20(D) as temporarily amended from time to time in accordance with Rule 6.20(C).

Notice of Intention to Deliver in relation to an Exchange Contract, means a notice of intention to deliver in the form prescribed by these Rules for that Exchange Contract to be given by a short Clearing Member to the Clearing House and the Exchange.

Notice of Intention to Accept in relation to an Exchange Contract, means a notice of intention to accept in the form prescribed by these Rules for that Exchange Contract to be given by a long Clearing Member to the Clearing House and the Exchange.

NYMEX, Inc. means The New York Mercantile Exchange, Inc.

NYMEX, Inc. Rules means Rules issued by NYMEX, Inc. in force from time to time.

Off-Floor Member has the meaning given to it in paragraph (F) of Rule 2.1 and **Off-Floor Membership** shall be construed accordingly.

Omnibus Account means an account in the name of a Member, Seat Lessee or Guaranteed Customer with a Clearing Member in which that Member pools Customer accounts.

Options Contract means a commodity options contract admitted to trading on the Exchange and **Option** and **Options** shall be construed accordingly.

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Options-Futures Spread means any spread transaction (within the combinations herein defined) involving at least one (1) Futures contract and at least one (1) Options contract on the same underlying Futures contract, consisting of the simultaneous conclusion of one (1) or more such contracts at a stated price differential for a single account. The combinations are:

- (i) long calls (puts) and short (long) futures in a generally accepted spread ratio;
- (ii) short calls (puts) and long (short) futures in a generally accepted spread ratio; and
- (iii) long (short) puts, short (long) calls, and long (short) futures as a conversion (or reverse conversion).

Options Post Close Premium means, in relation to any Options Contract and delivery month, the Options Post Close Premium determined in relation to it in accordance with Rule 6.30.

Options Settlement Premium means in relation to any Options Contract and delivery month, the Options Settlement Premium determined in relation to it in accordance with Rule 6.30.

Options Spread means any spread transaction involving two (2) or more Options contracts, consisting of the simultaneous conclusion of one (1) or more such contracts at a stated price differential for a single account.

OTC means over-the-counter.

Oversight Panel means any panel established by an Authorised Market Institution, Recognised Body, any other exchange or any other regulated or self-regulatory organisation to review, recommend or establish policies or procedures with respect to surveillance, compliance, rule, enforcement or disciplinary responsibilities. The term Oversight Panel shall include, but not be limited to, the Membership Committee and the Compliance Review Committee.

Parent has the meaning given to it in the DFSA Rulebook.

Password means any password assigned to a Member, Seat Lessee or Guaranteed Customer by or on behalf of the Exchange.

person includes individuals, associations, partnerships, corporations and trusts.

Personal Property Law means the Personal Property Law, DIFC Law No. 9 of 2005 made by the Ruler of the Emirate of Dubai.

Phantom Order has the meaning given to it in Rule 6.21.

Post Close Price means, in relation to any Future and delivery month, the Post Close Price determined in relation to it in accordance with Rule 6.30.

President means the president of the Clearing House from time to time.

Product Advisory Committee means a product advisory committees of the Exchange appointed in accordance with Rule 3.14.

Proprietary Account, for the purposes of Chapter 3, has the meaning given to it in Rule 3.10.

Qualifying Clearing Member has the meaning given to it in Rule 6.4(E).

Recognised Body means a person who holds a Recognition Notice, issued to that person pursuant to Article 61 of the Regulatory Law, recognising it as a Recognised Body.

Registered Contracts has the meaning given to it in Rule 6.2(A).

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Regulatory Law means the Regulatory Law, DIFC Law No.1 of 2004 made by the Ruler of the Emirate of Dubai.

Relative, for the purposes of Chapter 3, has the meaning given to it in Rule 3.10

Relevant Office-Holder means in relation to a Defaulter, a receiver, administrative receiver, liquidator, provisional liquidator, administrator or trustee in bankruptcy appointed in relation to that Defaulter.

Respondent, for the purposes of Chapter 5, has the meaning given to it in paragraph (A)(1)(a) of Rule 5.6 and, for the purposes of Chapter 7, has the meaning given to it in paragraph (C) of Rule 7.13.

Retail Client has the meaning given to it in DFSA COB Rule 2.3.5.

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Reviewed Trade has the meaning given to it in Rule 6.20(B). **Rules** means the rules issued by the Exchange in force from time to time.

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Seat means a designated workstation on the Exchange Floor comprising a desktop and office chair, a PC workstation, dual flat panels, high-speed internet connectivity and telecommunication link-up.

Seat Lessee means a person to whom a Floor Member has leased a Seat.

Service Centre Employees has the meaning given to it in Rule 6.30.

Settlement Agreement, for the purposes of Chapter 3, has the meaning given to it in Rule 3.9.

Settlement Price means, in relation to any Future and delivery month, the settlement price determined in relation to it in accordance with Rule 6.30.

Spread or **Spread Transaction** means an Intercommodity Spread, a Futures Spread, an Options Spread or an Options-Futures Spread.

Stop-Limit Order means an order expressed to be a stop limit order by the person giving it.

Stop Order means an order expressed to be a stop order by the person giving it.

Strip Transaction means a transaction, comprising the simultaneous sale or purchase of an equal number of Futures in the same commodity in each of two (2) or more consecutive delivery months for a single account, traded at a single price.

Total Risk Value means in relation to an account in the record name of a Member carried by a Clearing Member means the total amount of risk exposure that the Clearing Member is willing to accept for a particular account.

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Trade has the meaning given to it in Rule 6.16(B).

Trading Badge has the meaning given to it in Rule 6.7(B).

Trade Cancellation Policy has the meaning given to it in Rule 6.20(A)

Trade Cancellation Request has the meaning given to it in Rule 6.20(B)

Trading Day means any day on which the Exchange is open for trading.

Trade Error has the meaning given to it in Rule 6.19(A).

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Trading Platform or **Trading System** means Globex or any other electronic system for the trading of the Exchange Contracts provided by the Exchange in place of it.

Trading Session means any trading session in respect of any Exchange Contract as specified in Rule 6.5.

UAE means the United Arab Emirates and **dirham** or **AED** means the lawful currency of the UAE for the time being.

unsettled Market Contract means a Market Contract the rights and obligations of the parties under which have not been fully discharged whether by performance or otherwise.

US means the United States of America.

User ID means the user identification issued to the relevant Member, Seat Lessee, Guaranteed Customer or Authorised Terminal User by or on behalf of the Exchange.

1.2 Interpretation

In these Rules, unless otherwise specified:

- (i) reference to any gender includes the others;
- (ii) the term "employee of a Member" in Chapters 2, 5 and 7 of the Rules shall include any employee or agent (whether or not an Authorised Terminal User) having access to the Exchange Floor, the Trading Platform or any part of the Exchange premises;
- (iii) reference to a "Rule" shall mean a Rule in these Rules, unless otherwise specifically indicated;
- (iv) references to any other document shall be construed as references to that other document, as amended, varied, supplemented or replaced from time to time;
- (v) **law** includes any legislation, any common or customary law, constitution, decree, judgment, order, ordinance, treaty or other legislative measure in any jurisdiction and any present or future directive, request, requirement, guidance or guideline (in each case, whether or not having the force of law but, if not having the force of law, compliance with which is in accordance with the general practice of persons to whom the directive, request, requirement, guidance or guideline is addressed);
- (vi) references to legislation include any statute, by-law, regulation, rule, subordinate or delegated legislation or order; and reference to any legislation is to such legislation as amended, modified or consolidated from time to time at the date of this Agreement and to any legislation replacing it or made under it and in force at the date of this Agreement save insofar as any such amendment, modification, consolidation or replacement made after the date of this Agreement would impose any increased or new liability on any party or otherwise adversely affect the rights of any party;
- (vii) reference to any English law concept, term, action, remedy, method of judicial proceeding, legal document, legal status, court or official shall, in respect of any jurisdiction other than England and Wales, be deemed to refer to that which most nearly approximates in that jurisdiction; and
- (viii) all references to the time are expressed on a twenty-four hour clock basis and are, unless otherwise stated, references to the time in New York.

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Chapter 2 Membership Rules

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2.1 Membership

- (A) The Board may issue Floor Memberships, Off-Floor Memberships and Clearing Memberships and may admit any person to Membership in accordance with these Rules. The Board shall in its absolute discretion determine the number of Floor Memberships, Off-Floor Memberships and Clearing Memberships in issue at any time.
- (B) Any body corporate, partnership or unincorporated association may apply for Floor Membership of the Exchange, having the rights and privileges set out in of this Chapter 2. Applicants must satisfy the criteria in Rule 2.4.
- (C) Floor Members are Members who own one (1) or more Floor Membership Privilege(s). A Floor Member may own more than one (1) Floor Membership Privilege. A Floor Member may also be an Off-Floor Member and/or a Clearing Member, subject to satisfaction of the relevant criteria.
- (D) Each Floor Membership Privilege shall entitle its holder:
- (1) to access and to trade on the Trading Platform on and off the Exchange Floor; and
- (2) to occupy (by itself or through a Seat Lessee) a designated Seat on the Exchange Floor.
- (E) Any body corporate, partnership or unincorporated association may apply for Off-Floor Membership of the Exchange, having the rights and privileges set out in this Chapter 2. Applicants must satisfy the criteria in Rule 2.5.

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(F) Off-Floor Members have the right to access and to trade on the Trading Platform off the Exchange Floor, subject to all applicable laws and regulations. An Off-Floor Member may hold more than one (1) Off-Floor Membership. Off-Floor Members may also be a Floor Member and/or a Clearing Member, subject to satisfaction of the relevant criteria.

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(G) Any clearing member of the Clearing House may apply for Clearing Membership of the Exchange. Applicants for Clearing Membership of the Exchange must satisfy the criteria in Rule 2.6. Clearing Members have the right to access and to trade on the Trading Platform off the Exchange Floor, subject to all applicable laws and regulations. A Clearing Member may also be a Floor Member and/or an Off-Floor Member, subject to satisfaction of the relevant criteria.

(H) Only Clearing Members may guarantee a Member or Customer to trade on the Exchange and clear trades on the Exchange.

(I) Every person admitted to Membership shall be bound by these Rules.

2.2 Authorised Terminal Users

(A) Upon request by the Exchange, each Member, Seat Lessee and Guaranteed Customer must notify the Exchange of the name, address and contact details of each individual authorised to access the Trading Platform on behalf of that Member, Seat Lessee or Guaranteed Customer, as the case may be (each such individual, an **Authorised Terminal User**).

(B) Each Member, Seat Lessee and Guaranteed Customer shall ensure that its Authorised Terminal Users are suitable and competent. Each Authorised Terminal User or proposed Authorised Terminal User must complete such training course as the Board may from time to time prescribe.

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(C) Each Member, Seat Lessee and Guaranteed Customer shall be responsible for ensuring that any details notified to the Exchange in accordance with paragraph (A) of this Rule 2.2 remain current and accurate at all times.

(D) Each Authorised Terminal User shall be bound by these Rules.

2.3 Membership Application process

(A) An applicant for Membership must submit to the Board an application in the relevant form as prescribed by the Board, together with such other documents and information as the Board shall deem necessary or appropriate or shall require.

(B) An applicant must satisfy the application criteria for the type of application being made as set out in this Chapter 2.

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(C) No applicant for Membership will be accepted by the Board until the Board has verified the applicant's identity to its satisfaction for the purposes of any Applicable AML Requirements.

(D) Each application for Membership shall be accompanied by a payment of an application fee in such amount as may be fixed from time to time by the Board, which application fee is non-refundable whether the application is accepted, rejected or withdrawn.

(E) Applications that are deemed by the Board to be incomplete shall be kept on file for four (4) months. Thereafter, the application shall be deemed to have been withdrawn and the applicant must submit a new application before any consideration by the Board.

2.4 Requirements for Floor Members

(A) An applicant for Floor Membership must:

- (1) be a body corporate, partnership or unincorporated association;

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- (2) be established and carrying on its business in the DIFC;
- (3) be authorised or otherwise permitted by the DFSA to conduct the activities which it intends to conduct while trading on the Exchange and must provide evidence to the Exchange of such regulatory status;
- (4) have, in the opinion of the Board, good character, commercial standing and business experience;
- (5) provide such evidence as is requested by the Exchange as to its legal status and organisation and as to its ability to become a Floor Member without breaching applicable laws, regulations and rules;
- (6) provide the following in the prescribed form or in a form agreed by the Exchange:
 - (a) a copy of a resolution, duly certified by the secretary or other authorised officer or partner of the applicant, designating agents for service of process in the DIFC concerning and limited to the Exchange-related activities and business of the applicant and/or employees of the applicant;
 - (b) a copy of a resolution, duly certified by the secretary or other authorised officer or partner of the applicant, or by the governing body of the applicant, authorising the application for Floor Membership and the execution of the documents referred to above and all other documents relating to the applicants Floor Membership; and
 - (c) with respect to partnerships, a statement describing the business in which it is engaged and a certified copy of its current partnership agreement. The applicant shall also file certified copies of any and all documents filed with the DIFC authorising the partnership to conduct business in the DIFC;
- (7) agree (in the prescribed form) to be bound by the Rules;
- (8) designate (in the prescribed form) an officer, employee or partner as the Exchange liaison, whom the Exchange may contact in order to obtain additional information or documentation in connection with any matter whatsoever provided in these Rules;
- (9) do or submit such other things or documents as the Board may stipulate from time to time;
- (10) if not also a Clearing Member, have entered into an agreement with at least one (1) Clearing Member for the clearing of the applicant's trading on the Exchange and provide the Exchange with a copy of each such agreement;
- (11) if the applicant intends to trade as principal or agent on the account of any Customer or to trade as agent on account of any of its Affiliates or of any other Member, comply with all applicable DFSA or other regulatory capital requirements and have net capital of not less than one million dollars (\$1,000,000) or its equivalent in any other currency;
- (12) provide evidence of its experience and competence; and
- (13) provide satisfactory evidence to enable DME to comply with its obligations under Applicable AML Requirements.

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2.5 Requirements for Off-Floor Members

As well as satisfying the Membership criteria set out in paragraphs (4) to (13) of Rule 2.4, (save that references to Floor Membership shall be read as Off-Floor Membership), an applicant for Off-Floor Membership of the Exchange must satisfy the Exchange that it is authorised, recognised or otherwise permitted by the DFSA to conduct the activities which it

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intends to conduct while trading on the Exchange and must provide evidence to the Exchange of such regulatory status.

2.6 Requirements for Clearing Members

- (A) An applicant for Clearing Membership of the Exchange must be a clearing member of the Clearing House.
- (B) As well as satisfying the Membership criteria set out in paragraphs (4) to (9) and (11) to (13) of Rule 2.4 (save that references to Floor Membership shall be read as Clearing Membership), an applicant for Clearing Membership of the Exchange must satisfy the Exchange that it is authorised, recognised or otherwise permitted by the DFSA to conduct the activities which it intends to conduct while trading on the Exchange and must provide evidence to the Exchange of such regulatory status.

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2.7 Clearing Arrangements

- (A) Each Member which is not a Clearing Member must hold an account with at least one (1) Clearing Member for the clearing of that Member's trading on the Exchange.
- (B) No Member which is not a Clearing Member may trade on the Exchange other than through an account held with a Clearing Member in accordance with Paragraph (A) of this Rule 2.7.
- (C) A Clearing Member who holds an account for a Member in accordance with paragraph (A) of this Rule 2.7 must accept and clear any trade or trade reallocation for such account that does not exceed the Total Risk Value set by that Clearing Member relating to the entry of orders and trade reallocations for such an account.

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2.8 Duties of Members towards Clearing Members

- (A) Each Member which is not a Clearing Member shall file with each Clearing Member with whom it holds an account a copy of any financial statement or document filed with any other exchange or clearing house.
- (B) Each Member which is not a Clearing Member shall give written notification to each Clearing Member with which it holds an account, of all commodity accounts of such Member including every Omnibus Account.
- (C) Unless otherwise requested or instructed, each Member which is not a Clearing Member shall cause to be delivered to each Clearing Member with whom it holds an account all statements and confirmations with respect to each commodity account in which such Member has a direct or indirect interest or over which such Member exercises direct or indirect control.
- (D) No Member shall open a commodity account without the prior written consent of each Clearing Member with whom that Member holds an account.

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2.9 Processing of applications

- (A) The Board will have absolute discretion whether or not to accept Membership applications.
- (B) The Board may delegate all or any powers and obligations referred to in this Chapter 2 to the Membership Committee.
- (C) The Exchange will give all Members notice of the name of each applicant for Membership reasonably in advance before the Membership Committee meeting in which the application will be considered.
- (D) Each Member has the positive obligation to keep itself informed of all applications for Membership and to provide the Board with any adverse first-hand knowledge or information relating to an applicant's character and to an applicant's financial or business history. Any

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Member who wilfully fails to provide the Board with such information shall have committed a Major Offence.

2.10 Procedures for determining fitness of applicants for Membership

- (A) Each application for Membership shall be reviewed and investigated to determine any past or pending criminal actions, disciplinary proceedings or investigations relating to the application.
- (B) The references listed on the application may be contacted independently by the Board for a confidential evaluation of the applicant.
- (C) The applicant's financial statement shall be supported by appropriate documentary evidence and shall be subject to verification.
- (D) The Board shall review carefully each application for Membership and may direct the applicant to supplement any information provided and may arrange for such information to be investigated, if deemed necessary.
- (E) Any applicant for Membership may be required to appear before the Board. An applicant's failure to appear upon the request of the Board shall constitute a withdrawal of the application.

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2.11 Denial of Membership

- (A) The Board may deny if:
 - (1) the applicant does not meet any one or more of the criteria for Membership, or does not follow the procedures for applications for Membership set forth in these Rules;
 - (2) the applicant or its Affiliate has been denied authorisation, registration or permissions or its authorisation, registration or permissions have been revoked or are currently suspended by the DFSA, or any other regulatory authority;
 - (3) the applicant or its Affiliate is temporarily or permanently prevented, by any order, judgment or decree of any court of competent jurisdiction, or of the DFSA, or any other regulatory authority, from engaging or continuing in any conduct or practice involving the purchase or sale of any commodity, security option or similar instrument;
 - (4) the applicant is subject to any outstanding order issued by any relevant regulatory authority denying such person trading privileges on any exchange or suspending or expelling such person from trading privileges on any exchange;
 - (5) the applicant or its Affiliate has been found to have breached wilfully any provision of the Regulatory Law, the Markets Law, UAE Law No. 2 of 2000 'Criminalisation of Money Laundering', any rule, regulation or order promulgated under such laws and any other laws, regulations or rules applicable to the applicant or its Affiliates;
 - (6) the applicant or its Affiliate or any director, officer or partner of the applicant has ever been convicted of any crime;
 - (7) the applicant or its Affiliate is or has ever been suspended or expelled from any exchange, related clearing organisation, registered futures association or other self-regulatory organisation or other business or professional association for breaching any rule of such organisation;
 - (8) the applicant has been censured, disciplined, publicly criticised or is the subject of a Court order at the instigation of any regulatory authority or self-regulatory organisation or other business or professional association for breach of any rule of such organisation;

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- (9) the applicant is subject to any substantial unsatisfied liens or judgments;
- (10) the applicant has been insolvent, unable to pay debts as they matured, made an assignment for the benefit of creditors or was involved in any liquidation, reorganisation or bankruptcy proceeding as a debtor, whether voluntary or involuntary, within the seven (7) years preceding the date of the application;
- (11) the applicant has made any materially false statement or failed to state a material fact in or in connection with any application filed with the Exchange;
- (12) the applicant fails to meet such other qualifications as the Board may from time to time determine are in the best interests of the Exchange;
- (13) the applicant fails to disclose any other information that would adversely affect the application for Membership; or
- (14) there is any other circumstance which in the opinion of the Board would compromise the applicant's ability to fulfil a Member's obligations to the Exchange and to Clearing Members,

by notifying the applicant of the refusal in writing with the reason(s).

- (B) An applicant whose application for Membership has been rejected may appeal the decision to the Appeal Committee within ten (10) Business Days of the Board's decision being served on it by filing with the Membership Department a notice of appeal specifying the grounds for the appeal.
- (C) An applicant who has been rejected by the Board may not be reconsidered for Membership by the Board for one (1) year after the date of rejection by the Board.

2.12 Cancellation of Membership by a Member

A person's Membership may be cancelled by the relevant Member provided that:

- (1) a written notice of the intention to cancel Membership, including the identity of the Member's Authorised Terminal User(s) is given to the Exchange;
- (2) the Membership Committee has given all existing Members reasonable advance notice of the withdrawal of the person's Membership;
- (3) all dues, assessments, fines, penalties and any other monies (including, but not limited to, office rent and phone charges) due and payable to the Exchange by the Member have been paid; and
- (4) no existing Member has filed a claim against the withdrawing Member.

2.13 Termination of Membership and/or access to the Exchange Floor and/or Trading Platform

- (A) A person's Membership status and/or access to the Exchange Floor and/or Trading Platform may be suspended or terminated by the Exchange immediately on the occurrence of any of the following events:
 - (1) a Floor Member ceases to have at least one (1) Authorised Terminal User trading on the Exchange Floor in respect of each Seat it holds;
 - (2) if a Member's only employee is suspended or expelled for any reason (in which case such suspension or expulsion shall apply to the Member itself);

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(3) if a Member (other than a Clearing Member) ceases to hold an account with a Clearing Member in accordance with paragraph (A) of Rule 2.7;

(4) if a Member fails to satisfy any of the financial requirements imposed on it under these Rules;

(5) if a Member fails to satisfy the Exchange's fitness and propriety requirements;

(6) in the case of Floor Members, persistent breaches of Rules 6.6 and/or 6.7; or

for any other reason specified in these Rules.

(B) A person's Membership and/or access to the Exchange Floor and/or Trading Platform may be suspended or terminated by action of the Board in accordance with these Rules.

(C) When any Floor Member or Seat Lessee terminates or suspends any of its Authorised Terminal Users for any reason, that Floor Member or Seat Lessee shall forthwith surrender the individual's Trading Badge to the Exchange.

2.14 Reinstatement of Membership status or access to the Exchange Floor and/or Trading Platform

(A) A Member whose Membership has been terminated for any reason may apply to the Board for reinstatement of such status.

(B) A Member whose access to the Exchange Floor and/or the Trading Platform has been suspended may apply to the Board for reinstatement of such access.

(C) The Board may reinstate such status and/or access upon such terms and conditions as it, in its sole discretion, may impose.

2.15 Transfer of Floor Membership Privileges or Off-Floor Membership

(A) A Floor Member may transfer ownership of one (1) or more of its Floor Membership Privileges by sale to another Floor Member as provided for in Rules 2.16 to 2.18.

(B) An Off-Floor Member may transfer ownership of its Off-Floor Membership by sale to another Off-Floor Member, as provided for in Rules 2.16 to 2.18.

(C) A Floor Member who transfers all Floor Membership Privileges owned by it, whether to one (1) or several buyers, will automatically and immediately cease to be a Floor Member.

(D) An Off-floor Member who transfers ownership of all their Off-Floor Memberships, whether to one (1) or several buyers, will automatically and immediately cease to be an Off-Floor Member.

(E) A Clearing Member may not transfer its Clearing Membership save with the approval of the Board in its absolute discretion.

2.16 Procedures for sale and purchase of Floor Membership Privileges

(A) All transfers of Floor Membership Privileges and Off-Floor Memberships must be made through the Membership Department of the Exchange.

(B) The Membership Department shall maintain and publish a file of bids and offers for each of Floor Membership Privileges and Off-Floor Memberships.

(C) Any person desiring to buy a Floor Membership Privilege (or number of Floor Membership Privileges) or Off-Floor Membership may:

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(1) agree with a Member a price for the sale and purchase of that Floor Member's Floor Membership Privilege(s) or Off-Floor Membership, as the case may be; or

(2) submit a written bid to the Membership Department to buy a Floor Membership Privilege or number of Floor Membership Privileges and/or an Off-Floor Membership; or

(3) accept an offer for a Floor Membership Privilege or number of Floor Membership Privilege and/or Off-Floor Membership as published by the Membership Department.

(D) Any Floor Member desiring to sell one (1) or more Floor Membership Privilege(s) may:

(1) agree with another person a price for the sale and purchase of such Floor Membership Privilege(s) ;

(2) submit a written offer to the Membership Department; or

(3) accept a bid for one (1) or more Floor Membership Privilege(s) as published by the Membership Department.

(E) Any Off-Floor Member desiring to sell its Off-Floor Membership may:

(1) agree with another person a price for the sale and purchase of that Off-Floor Membership;

(2) submit a written offer to the Membership Department; or

(3) accept a bid for an Off-Floor Membership as published by the Membership Department.

(F) Any sale and purchase of a Floor Membership Privilege or Off-Floor Membership shall be subject to the provisions of Rules 2.17 and 2.18.

2.17 Procedure for Transfer of Floor Membership Privileges and Off-Floor Memberships

(A) If a Floor Member or an Off-Floor Member desires to transfer ownership of a Floor Membership Privilege or Off-Floor Membership (the **Transferring Member**), the Transferring Member shall deliver to the Membership Department notification of intention to transfer (**notice of intention to transfer**), executed by the Transferring Member or his legal representative. The notice of intention to transfer shall include the Transferring Member's identification number, the date on which the transfer is intended to become effective and the name of the proposed transferee (the **Proposed Transferee**). The Membership Department, upon receipt of a Transferring Member's notice of intention to transfer, shall promptly notify all Members, by posting the notice of intention to transfer for a period of ten (10) days.

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(B) No Floor Member or Off-Floor Member may transfer ownership of a Floor Membership Privilege or Off-Floor Membership, as the case may be, unless and until the following conditions have been met:

(1) in the case of Floor Members, the Floor Member has held the Floor Membership Privilege for such minimum period as the Board may prescribe from time to time and the Proposed Transferee has been approved by the Board as a Floor Member (if not already a Floor Member);

(2) in the case of Off-Floor Members, the Board has issued a notice to Members confirming that Off-Floor Memberships may be transferred and the Proposed Transferee has been approved by the Board as an Off-Floor Member (if not already an Off-Floor Member);

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(3) all dues, assessments, fines, penalties and any other monies (including, but not limited to, office rent and phone charges) due and payable to the Exchange by the Transferring Member have been paid;

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(4) all claims by Members that: (a) arise out of, or in connection with, the transaction of business on the Exchange, and (b) are filed with the Membership Department within ten (10) days after the Exchange published notice of intention to transfer have been settled or discharged by the Transferring Member and/or the Proposed Transferee, as the case may be;

(5) payment by the Proposed Transferee to the Exchange of a transfer fee in an amount to be fixed, from time to time, by the Board.

2.18 Acquisition of Membership by the Proposed Transferee

- (A) The Proposed Transferee shall cause a transfer of the Seat or Off-Floor Membership, as the case may be, within fourteen (14) days after admission as a Floor Member or as an Off-Floor Member, as the case may be.
- (B) If a Proposed Transferee does not comply with the requirements of paragraph (1) of this Rule 2.18, its admission to Floor Membership or Off-Floor Membership, as the case may be, shall be void unless the time for compliance is extended by the Board in its absolute discretion.

2.19 Compliance with DFSA Rulebook

Members, Seat Lessees and Guaranteed Customers, and their employees, must comply at all times with all provisions of the DFSA Rulebook applicable to their conduct on the Exchange.

2.20 Responsibility of Members for employees and officers

Members shall be responsible for, and subject to disciplinary action as a result of, the acts and omissions of, and any breaches of these Rules by, their directors, officers, partners, employees and other representatives.

2.21 Fees

Members shall pay such fees as required by the Board from time to time.

2.22 Notices required of Members

- (A) Each Member shall give written notice to the Exchange of all changes in partners, whether general or limited, or in officers or directors. Each Member shall also give written notice to the Exchange of any change in a Member's liaison contact with the DME.

(B) Each Member shall give prior notice in writing to the Board of any proposed merger, acquisition, consolidation or sale of the Member, whether into or by the Member or otherwise. Such prior notice shall be supplemented by such documents or information as requested by the Board.

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2.23 Lawsuits brought against the Exchange

- (A) For the purposes of this Rule 2.23:
- (1) Claimant means any present or former Member, Seat Lessee or Guaranteed Customer and any present or former employee, agent, director, officer or Affiliate thereof; and

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(2) Exchange includes the Exchange and its respective parents, subsidiaries (direct and indirect) or any of its respective Affiliates, Members, successors, assigns, directors, governors, officers, committee members, employees, consultants or agents.

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(B) Except to the extent such loss, expense, damages or claims are attributable to the negligence, wilful misconduct, bad faith, fraud or criminal acts of the Exchange, and except as otherwise expressly provided in these Rules, the Exchange shall not have liability to any Claimant for any loss, expense, damages (including direct, indirect, consequential and punitive damages) or claims resulting from or relating to any personal injury or medical condition (and death resulting therefrom) that arise out of:

(1) the use or employment of the facilities or services at the Exchange, regardless of whether such services or facilities are provided by the Exchange or a third party;

(2) any interruption in or failure or unavailability of any such facilities, services, regardless of whether such services or facilities are provided by the Exchange or a third party; or

(3) any action or failure to act by the Exchange;

(C) Except to the extent such loss, expense, damages or claims are attributable to the gross negligence, wilful misconduct, bad faith, fraud or criminal acts of the Exchange, and except as otherwise expressly provided in these Rules, the Exchange shall not have liability to any Claimant for any loss, expense, damages (including direct, indirect, consequential and punitive damages) or claims resulting from or relating to:

(1) any error, omission or delay in calculating or disseminating any current, closing or settlement prices, values, transactions in, quotations for or other information about Exchange;

(2) the use of data transmitted or disseminated by or on behalf of the Exchange or any reporting authority designated by the Exchange, including but not limited to reports of transactions in, quotations for or other information about futures contracts and option contracts or reports of index values or related data; and, in connection with the use of such data, the Exchange makes no express or implied warranties as to such data, including but not limited to:

(a) the result to be obtained; or

(b) the suitability or fitness for a particular purpose or use;

(3) any suspension, inaccuracy, interruption or termination or any other cause relating to the furnishing, performance, operation, maintenance, use of or inability to use any or all of the Exchange systems or services and facilities used to support these systems, regardless of whether such services or facilities are provided by the Exchange or a third party. In addition, the Exchange shall have no liability for errors or inaccuracies in information provided by Exchange systems or for losses or other injury or damages resulting from unauthorised access or any other misuse of any Exchange systems by any person.

(D) The foregoing limitations of liability and disclaimers shall be in addition to any other limitation of liability provision contained in these Rules, and, to the extent that they are inconsistent, the provisions of this Rule shall prevail.

(E) The limitations of liability set forth in these Rules shall not apply to or affect the rights or remedies of either any Claimant or the Exchange with respect to breaches of the applicable laws and regulations.

(F) Any Claimant that institutes a lawsuit or other similar proceeding against the Exchange in any court of law or otherwise and fails to prevail in such lawsuit or proceeding shall pay to the Exchange any and all reasonable expenses and disbursements of the Exchange, including reasonable legal fees incurred by the Exchange in the defence of such lawsuit or proceeding in addition to any statutory costs incurred by the Exchange.

(G) The Claimant consents and submits to the exclusive jurisdiction of the courts of DIFC. The

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Claimant waives personal service and consents to service of process by registered mail to the agent for process notified to the Exchange, or consented to, by the Claimant or the person to which the Claimant is or was related, in accordance these Rules. Nothing in these Rules shall affect the right of the Exchange to serve legal process in any other manner permitted by law or affect the right of the Exchange to bring any action or proceeding against Claimant or Claimant's property in a court of any other jurisdiction.

- (H) Each provision of this Rule 2.23 shall be viewed as legally separate and distinct from the other provisions contained herein and if any provision of this Rule 2.23 is held invalid, that provision shall not effect the legality and enforceability of any other provision.

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2.24 Disputes between Members, Seat Lessees and/or Guaranteed Customers

Any Member, Seat Lessee or Guaranteed Customer involved in a transaction or business relationship on the Exchange about which a dispute arises that is not resolved shall act in the most expeditious manner practicable to mitigate or limit any damage to any party to such transaction or relationship. There shall be a rebuttable presumption that such acts of mitigation shall not be admissible with respect to liability for the transaction or relationship giving rise to the dispute.

2.25 Spirit of the Rules

- (A) These Rules shall at all times be observed, interpreted and given effect in such a way as to ensure, at all times, the promotion and maintenance of:
- (1) authorisation of the Exchange as an Authorised Market Institution under the Regulatory Law and the good reputation of the Exchange (and its Members);
 - (2) an orderly market with high standards of integrity and fair dealing;
 - (3) compliance with the DFSA's Principles; and
 - (4) the organisation and control of internal affairs in a responsible manner, adequacy of internal record-keeping, and adequate arrangements to ensure that staff and directors of Members are fit and proper, adequately trained and properly supervised and that each Member has adequate procedures for ensuring compliance with these Rules.

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2.26 Change in ownership of a Member

- (A) A Member which is a body corporate shall notify the Exchange in writing of the name of any person for the time being holding or having a beneficial interest in ten per cent (10%) or more of any class of the equity share capital of the Member or any Controller of the Member, and of any change in such a holding or interest, within seven (7) days of the holding or interest, or change therein, coming to the Member's notice.

- (B) In the case of a Member which is a partnership or unincorporated association, the Member shall notify the Exchange in writing of the name of any person who becomes or ceases to become a partner of that partnership or member of that unincorporated association (as the case may be) and in either case holding or having an interest:

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- (1) conferring any right to share in 10% or more of the profits, or liability to contribute to 10% or more of the losses of the partnership or unincorporated association; or

- (2) giving rise to an obligation to contribute to 10% or more of the debts or expenses of the partnership or unincorporated association in the event of a winding up,

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within seven (7) days of that the interest or change therein coming to the Member's notice.

- (C) Upon receipt by the Exchange of a notice from a Member under this Rule 2.26, the Board may review the suitability of the Member for Membership. The Board may require the Member to

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furnish such additional information as required at the Board's absolute discretion. If, on completion of the review, the Board is not satisfied that the Member continues to satisfy the criteria for Membership, the Board shall consider whether to terminate the rights of the Member in accordance with these Rules.

2.27 Confidentiality

The Exchange shall keep confidential all information received and obtained under the Rules, subject to such disclosure as is required to ensure compliance with all applicable laws, regulations and rules and, in particular, to ensure the maintenance of its status as an Authorised Market Institution under the Regulatory Law.

2.28 The Exchange's relations with other regulators and authorities

In order to ensure the continuation of the Exchange's licence as an Authorised Market Institution under the Regulatory Law, it may co-operate and share information with the DFSA, other relevant authorities and regulatory bodies, other Authorised Market Institutions, Recognised Bodies and other exchanges and clearing houses, and may also make whatever arrangements are deemed appropriate to monitor compliance with the Rules and carry out or arrange for the carrying out of whatever investigations are deemed necessary.

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Chapter 3 Committee Rules

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3.1 Committee Designation

(A) The Exchange shall have committees including (but not limited to) the following:

- (1) Disciplinary Committee;
- (2) Appeal Committee;
- (3) Compliance Review Committee; and

(4) Membership Committee.

Deleted: Product Advisory Committees (including an Energy Committee and a Metals Committee) (each as defined in Rule 3.14); and

(B) Additional committees of the Exchange may be established in accordance with the Rules or for such other purposes as the Board may from time to time determine.

(C) Unless specifically provided otherwise, committees shall be composed of:

- (1) a chairman, who shall be appointed by the Chairman (with the consent of the Board);
- (2) any number of members and alternates as may be specified in these Rules, who shall be appointed by the Chairman or the chairman of the relevant committee (subject always to ratification of such appointment by the Board).

3.2 Powers of Committees

(A) Each committee shall have such powers as may be delegated to it in these Rules or by the Board, provided however that such powers shall in no case exceed the powers that the Board might delegate lawfully to an officer of the Exchange.

(B) Each committee shall have the authority to make rules governing its own conduct and its proceedings unless otherwise provided in these Rules.

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3.3 Term of Committees

Unless otherwise provided in these Rules, members of any committee shall hold office until the first meeting of the Board following the annual meeting of Members and until their successors are appointed.

3.4 Removal, Resignation and Vacancies

- (A) Members of committees shall hold office at the discretion of the Board. A member of a committee whose appointment has been approved by the Board may be removed by the Board with or without cause.
- (B) A member of a committee may resign at any time by tendering written notice of his resignation to the chairman of the relevant committee or the Board. Unless contingent upon acceptance, such resignation shall be effective on the date specified, or if no date is specified, on the date tendered.
- (C) The Chairman or the chairman of the relevant committee may remove, with or without cause, any vice-chairman or any member of a committee whom he has appointed, with the consent of the Board.
- (D) The Chairman or the chairman of the relevant committee may, with the consent of the Board, appoint one or more alternate members of any committee subject to the provisions of this Chapter 3.

3.5 Meetings

- (A) Unless otherwise provided in the Rules, regular meetings of committees shall be held on such date and at such time as each committee shall determine.
- (B) The chairman of any committee shall have the authority to call a special meeting of such committee to be held on such date and at such time as the chairman shall determine.
- (C) Notice of all meetings may be in writing, by telephone or by any other means of communication. Such notice shall be made not less than one (1) hour before any meeting.
- (D) Any action required or permitted to be taken by a committee may be taken without a meeting if all the members of the committee consent in writing to the adoption of a resolution authorising such action.
- (E) Any one or more members of a committee may participate in a meeting by means of a conference telephone or similar communications device allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

3.6 Quorum and Vote

- (A) Unless otherwise specifically provided in the Rules, at least one half (1/2) of the committee members or three committee members (whichever is greater) shall constitute a quorum for the transaction of business.
- (B) Unless otherwise specifically provided in the Rules, any action taken by a majority of members of a committee present at a meeting at which a quorum is present shall be a valid action of the committee.

3.7 No liability

No person serving on any committee shall, in the absence of bad faith or wilful default, incur any liability whatsoever to any Member, Seat Lessee or Guaranteed Customer, or their

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respective employees, for any decision taken or any act or omission of that committee, whether in contract, in tort or otherwise.

3.8 Confidential Information

- (A) No member of any committee shall use or disclose, for any purpose other than the performance of such person's official duties relating to the committee, Confidential Information obtained as a result of such person's participation on the committee.
- (B) No person may trade for his own account, or for or on behalf of the account of any other person, in any Exchange Contract on the basis of any Confidential Information that such person knows was obtained in breach of paragraph (A) of this Rule 3.8.

3.9 Disqualification

- (A) For the purposes of this Rule 3.9, the following terms shall have the following meanings:

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- (1) **Disciplinary Offence** means an offence arising out of a proceeding or action brought by the DFSA or any other regulator, any Authorised Market Institution, any Recognised Body or any other exchange or clearing house or other regulated or self-regulated body or any governmental or other public body, and which relates to any of the following:

- (a) a breach of the Markets Law or Regulatory Law or any regulation made under them;
- (b) a breach of any rules or any guidance published by the DFSA or any other regulator;
- (c) a breach of the rules of any Authorised Market Institution, any Recognised Body, any other exchange or any other regulated or self-regulated body, except those rules relating to:
- (i) decorum or attire;
- (ii) financial requirements; or
- (iii) reporting or record keeping;
- (d) a breach described in paragraphs (A)(1)(c)(i) to (iii) of this Rule 3.9 which involves fraud, deceit or conversion or results in a suspension or expulsion; and
- (e) a failure to exercise supervisory responsibility with respect to acts described in paragraphs (A)(1)(c)(i) to (iii) of this Rule 3.9 when such failure is itself a breach of the Markets Law or Regulatory Law, or any rule, guidance or regulation referred to in paragraphs (A)(1)(a) to (d) of this Rule 3.9.

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- (2) **Final Decision** means:

- (a) a decision of an arbitration panel, a disciplinary committee, any Authorised Market Institution, any Recognised Body, any other exchange or any other regulated or self-regulated body, which:
- (i) cannot be further appealed within the Authorised Market Institution, the Recognised Body or relevant exchange, regulated or self-regulated body; and
- (ii) is not subject to the jurisdiction of the DFSA, any other regulator or any court or tribunal; or

(iii) if it is subject to the jurisdiction of any of the bodies referred to in paragraph (A)(2)(a)(ii) of this Rule 3.9, has not been reversed, pursued or challenged by any of those bodies or by any other person or body entitled so to reverse, pursue or challenge it, within the time limits prescribed by any applicable laws, rules or regulations for such action to be taken;

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(b) any decision by any of the bodies referred to in paragraph (A)(2)(a)(ii) of this Rule 3.9, which has not been reversed and cannot be further challenged or appealed.

(3) **Settlement Agreement** means any agreement consenting to the imposition of sanctions by the DFSA or any other regulator, any Authorised Market Institution, Recognised Body, any other exchange or any other regulated or self-regulated body, any governmental or other public body or any court or tribunal of competent jurisdiction.

(B) A person who:

(1) within the period of three (3) years preceding the date of his appointment:

(a) has been found by a Final Decision to have committed a Disciplinary Offence;

(b) has entered into a Settlement Agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a Disciplinary Offence;

(c) has been suspended from trading on any Authorised Market Institution, any Recognised Body or any other exchange, or has been suspended or expelled from membership of any Authorised Market Institution, any Recognised Body, any other exchange or any other regulated or self-regulated body, or is serving any sentence of probation, or owes any portion of a fine imposed pursuant to either:

(i) a finding by a Final Decision that such person committed a Disciplinary Offence; or

(ii) a Settlement Agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a Disciplinary Offence;

(d) has been refused authorisation or approval by the DFSA or any other regulator, or has not been accepted for registration with or membership of any Authorised Market Institution, any Recognised Body, any other exchange or any other regulated or self-regulated body;

(e) has been subject to an agreement with the DFSA or any other regulator, any Authorised Market Institution, any Recognised Body, any other exchange or any other regulated or self-regulated body, under which that person is not to apply for authorisation by, registration with or membership of any of those bodies; or

(f) has had a variation, cancellation or revocation imposed on him for any reason, either by the DFSA or by any other regulator, in relation to a Licence or any other equivalent activity requiring a permission or licence by any other regulator, or has been convicted of any crime arising out of the conduct of any Financial Service or Licensed Function in the DIFC or any other equivalent activity regulated by any other regulator, or any breach of any laws, rules or regulations applicable to his trading activities or any other activities which he carries on by way of business; or

(2) currently is subject to a denial, suspension or disqualification from serving on any Enforcement Committee, Oversight Panel, Arbitration Panel or governing body of any

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Authorised Market Institution, any Recognised Body, any other exchange or any other regulated or self-regulated body; or

- (3) has committed any criminal offence other than a minor motoring offence,

may not serve on the Disciplinary Committee, the Compliance Review Committee, the Appeal Committee or the Membership Committee or any other Committee established under these Rules.

3.10 Conflicts of Interest

- (A) For the purposes of this Rule 3.10, the following terms shall have the following meanings:

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Controlled Account means an account controlled by a person by virtue of a power of attorney or who in practice otherwise directs trading for such account;

Customer Account in relation to a member of an Enforcement Committee or Oversight Panel means the account of a Customer or an option customer, including a foreign futures or foreign options Customer, held at any Member or User of which that member is a director, officer, partner or employee and any Affiliate of such Member or User or otherwise has an interest in such an account;

De Minimis Position means the number of positions determined, on a case-by-case basis, by an Enforcement Committee or Oversight Panel in accordance with paragraph (D)(1)(a) of this Rule 3.10 and which shall not count for the purposes of calculating a member's Financial Interest in the proposed Significant Action;

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Financial Interest means a direct and substantial financial gain or loss which a member is knowingly likely to make or suffer as a result of the proposed Significant Action, based upon either Exchange or non-Exchange futures or options positions (other than a *De Minimis* Position), which could reasonably be expected to be affected by the proposed Significant Action;

Named Party in Interest means a person or entity who is identified by name as a subject of any matter being considered by an Enforcement Committee or Oversight Panel;

Proprietary Account means a commodity, Futures or Option account carried on the books of any Member or User of which that member is a director, officer or employee and any Affiliate of such Member or User;

Relative means a person's spouse, former spouse, parent, stepparent, child, stepchild, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece, cousin or in-law;

Significant Action means any of the following types of actions which can be implemented by the Exchange without the approval of the DFSA or any other regulator:

- (1) any actions which address a Physical Emergency or an Emergency (as defined in Rules 4.22 and 4.23 respectively); or
- (2) any changes in margin levels that are designed to respond to extraordinary market conditions such as an actual or attempted corner, squeeze, congestion or undue concentration of positions, or that otherwise are likely to have a substantial effect on prices in any contract traded on the Exchange;

User means a Seat Lessee or a Guaranteed Customer.

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- (B) This Rule 3.10 shall apply to each Enforcement Committee or Oversight Panel when any such Enforcement Committee or Oversight Panel:

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- (1) proposes to take any Significant Action in respect of which a member of that Enforcement Committee or Oversight Panel (as the case may be) has a Financial Interest; or
- (2) has under consideration a matter in respect of which a member of that Enforcement Committee or Oversight Panel (as the case may be):
 - (a) is a Named Party in Interest;
 - (b) is a Relative of a Named Party in Interest;
 - (c) is an employer, employee or fellow employee of a Named Party in Interest; or
 - (d) has any other significant, ongoing business relationship with a Named Party in Interest, not including relationships limited to executing Futures or Option transactions opposite each other or to clearing futures or option transactions through the same Clearing Member.

(C) The decision that any member of an Enforcement Committee or Oversight Panel is subject to this Rule 3.10 may be made by the chairman of the affected Enforcement Committee or Oversight Panel, or by at least one half (1/2) or three (3) (whichever is greater) of the members present at the time (not including the member affected).

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(D) Financial Interest in a Significant Action

- (1) Prior to the consideration of any Significant Action:
 - (a) the Enforcement Committee or Oversight Panel (as the case may be) shall determine the number of positions that may be held in any Contract Month or Months that may be affected by the Significant Action, but which shall be considered a *De Minimis* Position for the purposes of that action; and
 - (b) each member of the Enforcement Committee or Oversight Panel shall disclose to an Exchange employee designated by the chairman for these purposes the following information relating to Futures and Options positions with respect to any Contract Month or Months of which he is aware and which may be affected by the proposed Significant Action:
 - (i) all gross positions held at the Exchange in the member's personal accounts or Controlled Accounts;
 - (ii) all gross positions held at the Exchange in his Proprietary Accounts;
 - (iii) all net positions held at the Exchange in his Customer Accounts; and
 - (iv) any other types of positions, whether maintained at the Exchange or elsewhere, which the Enforcement Committee or Oversight Panel might reasonably expect to be affected by the proposed Significant Action.

(2) In addition, taking into consideration the exigency of the Significant Action, the Exchange employee shall review, with respect to any member of the Enforcement Committee or Oversight Panel who makes a disclosure pursuant to paragraph (D)(1)(b) of this Rule 3.10, the following information, to the extent that it is reasonably available to the Exchange:

- (a) the most recent Large Trader Reports;
- (b) clearing records from the Clearing House; and

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(c) any other information held by the Exchange and which the designated Exchange employee considers relevant for the purposes of this paragraph (D) of this Rule 3.10.

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(3) Upon completion of the disclosure required by paragraph (D)(1)(b) of this Rule 3.10 and any review of Exchange and Clearing House records, the Exchange employee shall report such position information to the chairman of the Enforcement Committee or Oversight Panel. The chairman shall then decide, in accordance with paragraph (C) of this Rule 3.10, whether or not this paragraph (D) of this Rule 3.10 applies to that member in relation to the proposed Significant Action.

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(4) Where this paragraph (D) of this Rule 3.10 applies by virtue of a decision made in accordance with paragraph (C) of this Rule 3.10, or where a member of the Enforcement Committee or Oversight Panel refuses to make the disclosure required by paragraph (D)(1)(b) of this Rule 3.10, the member must withdraw from the meeting until such time as a decision has been made in relation to the proposed Significant Action and abstain from any deliberation regarding or voting on the Significant Action.

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(5) In any case where an issue arises as to whether this paragraph (D) of this Rule 3.10 should apply to a particular member in relation to a proposed Significant Action, the Enforcement Committee or Oversight Panel shall appoint an *ad hoc* committee composed of at least three (3) members who have no positions (other than a *De Minimis* Position) in any Contract Month or Months which may be affected by the proposed Significant Action. That *ad hoc* committee shall then determine, based on the information obtained pursuant to paragraphs (D)(1) and (D)(2) of this Rule 3.10, whether such member has a Financial Interest in the proposed Significant Action and is therefore subject to the restrictions set out in paragraph (D)(4) of this Rule 3.10.

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(E) Relationship with a Named Party in Interest

(1) Prior to the consideration of any matter, each member of the Enforcement Committee or Oversight Panel (as the case may be) must disclose to an Exchange employee designated by the chairman for these purposes whether or not he has one of the relationships listed in paragraphs (B)(2)(a) to (d) of this Rule 3.10 with a Named Party in Interest.

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(2) In addition, taking into consideration the exigency of the Enforcement Committee's or Oversight Panel's action with regard to a Named Party in Interest, the Exchange employee shall review any records which are held by and reasonably available to the Exchange to ascertain whether any member of the Enforcement Committee or Oversight Panel has a relationship of the type set forth in paragraphs (B)(2)(a) to (d) of this Rule 3.10 with a Named Party in Interest.

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(3) Upon completion of the disclosure required by paragraph (E)(1) of this Rule 3.10 and any review of Exchange records, the Exchange employee shall report to the chairman of the Enforcement Committee or Oversight Panel any member's relationship with a Named Party in Interest. The chairman shall then decide, in accordance with paragraph (C) of this Rule 3.10, whether or not this paragraph (E) of this Rule 3.10 applies to that member in relation to the matter under consideration.

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(4) Where this paragraph (E) of this Rule 3.10 applies by virtue of a decision made in accordance with paragraph (C) of this Rule 3.10, or where a member of the Enforcement Committee or Oversight Panel refuses to make the disclosure required by this paragraph (E) of this Rule 3.10, the member must withdraw from the meeting until such time as the matter has been disposed of and abstain from any deliberation regarding or voting on the matter.

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(5) In any case where an issue arises as to whether this paragraph (E) of this Rule 3.10 should apply to a particular member in relation to a Named Party in Interest, the Enforcement Committee or Oversight Panel shall appoint an *ad hoc* committee

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composed of at least three (3) members who have no relationship with either the member concerned or the Named Party in Interest. That *ad hoc* committee shall then determine, based on the information obtained pursuant to paragraphs (E)(1) and (E)(2) of this Rule 3.10, whether such member has a relationship with the Named Party in Interest and is therefore subject to the restrictions set out in paragraph (E)(4) of this Rule 3.10.

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(F) Participation in Deliberations

- (1) Notwithstanding any other provision of this Rule 3.10, the Enforcement Committee or Oversight Panel may permit a member to participate in deliberations relating to a Significant Action if:

(a) this is consistent with the public interest; and

(b) the member does not vote on such action.

- (2) In order to decide whether paragraph (F)(1) of this Rule 3.10 applies to a particular member, the Enforcement Committee or Oversight Panel (as the case may be) shall appoint an *ad hoc* committee of at least three (3) members who shall consider the following factors:

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(a) whether the member's participation in deliberations is necessary for the Enforcement Committee or Oversight Panel to achieve a quorum at the meeting; and

(b) whether the member has unique or special expertise, knowledge or experience in the proposed Significant Action or in the matter in respect of which that action has been proposed.

- (3) Prior to any decision made under paragraph (F)(2) of this Rule 3.10, the *ad hoc* committee appointed by the Enforcement Committee or Oversight Panel must fully consider the position information obtained pursuant to paragraphs (D)(1) and (D)(2) of this Rule 3.10.

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(G) Record Keeping

- (1) Each Enforcement Committee or Oversight Panel shall keep a record of any decisions made by it, or any *ad hoc* committee appointed by it pursuant to paragraph (D)(5), (E)(5), or (F)(2) of this Rule 3.10, as to any member's ability to:

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(a) participate or abstain from participating in any deliberations regarding:

(i) any Significant Action in which the member has a Financial Interest; and

(ii) any matter concerning a Named Party in Interest to which the member is related by virtue of one of the relationships described in paragraphs (B)(2)(a) to (d) of this Rule 3.10; and

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(b) vote at any meeting at which any such action or matter has been considered.

- (2) The records required to be kept under this paragraph (G) of this Rule 3.10 may be reflected in the minutes of the meeting in question or contained in any other written document as the Enforcement Committee or Oversight Panel may think fit.

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3.11 Disciplinary Committee

- (A) The Disciplinary Committee shall consist of a chairman, four (4) committee members (including one (1) individual who is not a director, officer or employee or of any Member of any

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Affiliate of any Member), and an alternate who must be an individual who is not a director, officer or employee of any Member or of any Affiliate of any Member.

- (B) The Disciplinary Committee shall be responsible for the discharge of all matters attributed to it under these Rules and shall meet with such frequency as is required to meet that responsibility.
- (C) The Disciplinary Committee shall hold such meetings as, in the discretion of the chairman, are necessary to review matters pertaining to any disciplinary action taken or proposed to be taken by DME (including, but not limited to, Board policy and disciplinary precedents).
- (D) The Disciplinary Committee shall report to the Board as required but at least once a year. The report shall detail the activities of the Committee for the period covered by the report and shall describe all disciplinary actions taken by the Committee during that period.
- (E) References in this Rule 3.11 to Member shall be read to mean a Member, Seat Lessee or Guaranteed Customer.

3.12 Appeal Committee

- (A) The Appeal Committee shall consist of a chairman, two (2) committee members and an alternate who must be an individual who is not a director, officer or employee of any Member or of any Affiliate of any Member. The chairman and alternate must be lawyers by profession for at least ten (10) years who have relevant experience and who are not a director, officer or employee of any Member of any Affiliate of any Member.
- (B) No person who has participated at an earlier stage in the disciplinary process, nor any person who has any financial, personal or other interest in the matter to be considered by the Appeal Committee, may serve on the Committee. Any member so interested must notify the chairman promptly.
- (C) The Appeal Committee shall be responsible for the discharge of all matters attributed to it under the Rules and shall meet with such frequency as is required to meet that responsibility.
- (D) The Appeal Committee shall report to the Board as required but at least once year. The report shall detail the activities of the Committee for the period covered by such report and shall describe all disciplinary actions taken by the Committee during such period.
- (E) References in this Rule 3.12 to Member shall be read to mean a Member, Seat Lessee or Guaranteed Customer.

3.13 Compliance Review Committee

- (A) The Compliance Review Committee shall be appointed by the Board and shall consist of an independent director (who shall act as chairman), such other directors as the Board may appoint and the CCO.
- (B) The Committee may:
 - (1) review and recommend to the Board matters concerning the compliance activities (including compliance with the Licensing Requirements) and disciplinary policies of the Exchange;
 - (2) review and recommend to the Board amendments, deletions or additions to the Rules including, but not limited to, Rules relating to Members' conduct, disciplinary and compliance matters;
 - (3) consider requests from Members for amendments, deletions or additions to the Rules;

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- (4) review such requests and make recommendations to the Board regarding necessary or appropriate amendments, deletions or additions to the Rules;
 - (5) recommend to the Chairman or relevant chairmen persons who, in the opinion of the Committee, have the ability, maturity, judgment and other qualities to serve as a member of the Disciplinary Committee and the Appeal Committee;
 - (6) direct the policies and procedures of the Disciplinary Committee and/or the Appeal Committee;
 - (7) direct the Disciplinary Committee or the Compliance Department to investigate a particular matter or matters or a particular person or persons when, in the opinion of the Compliance Review Committee, such investigation is necessary or proper to comply with the Licensing Requirements or in the fulfilment of the self-regulatory duties of the DME;
 - (8) review and consider the training and education requirements for Members and Users;
 - (9) be responsible for the preparation and administration of training curricula and examinations for relevant Members; and
 - (10) consider and determine requests by Members for waiver of some or all training and education requirements.
- (C) The Compliance Review Committee shall have such other powers as are necessary and proper to its office. The list of powers of the Compliance Review Committee is not intended to limit the Committee's authority to be exclusive.
- (D) References in this Rule 3.13 to Member shall be read to mean a Member, Seat Lessee or Guaranteed Customer.

3.14 Membership Committee

- (A) The Membership Committee may be comprised of any number of directors, as well as the CEO, the COO, the CCO and the Legal Counsel.
- (B) The Membership Committee shall meet regularly as required.
- (C) The Membership Committee shall be responsible for all matters relating to Chapter 2 of the Rules as have been delegated to it by the Board in relation to the consideration, approval or rejection of applications for Membership of the Exchange in the Exchange. The Membership Committee shall also be responsible for approving Seat Lessees in accordance with Rule 4.15.
- (D) The Membership Committee shall also consider and review requests from Members for amendments, deletions or additions to any of the Rules relating to Membership and make recommendations to the Board regarding necessary or appropriate amendments, deletions or additions to the Rules.
- (E) The chairman of the Membership Committee shall be responsible for the appointment of Hearing Panels and determining challenges to such appointments in accordance with Rule 7.16.

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 <#>There shall be two Product Advisory Committees:¶
 <#>an Energy Committee; and¶
 <#>a Metals Committee,¶
 <#>(each a Product Advisory Committee and together the Advisory Committees).¶
 <#>The Board may create additional Product Advisory Committees as it deems necessary from time-to-time.¶
 <#>The Product Advisory Committees shall consist of such persons as may be appointed in accordance with paragraph (C)(2) of Rule 3.1.¶
 <#>The Product Advisory Committees shall: ¶
 <#>review and recommend measures to promote or enhance liquidity in the Exchange;¶
 <#>review and recommend measures to promote or develop the businesses of the Exchange;¶
 <#>consider and review requests from Members for amendments, deletions or additions to the Rules; and¶
 <#>make recommendations to the Board regarding necessary or appropriate amendments, deletions or additions to the Rules,¶
 <#>in each case to the extent relevant to the subject matter of the Committee.¶
 <#>References in this Rule 3.14 to Member shall be read to mean a Member, Seat Lessee or Guaranteed Customer.¶
 <#>Each of the Advisory Committees shall report to the Board as required but at least once a year, detailing the activities of the Committee for the period covered by the report. ¶

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Chapter 4 Compliance and General Rules

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4.1 Requirement for Regulatory Status in DIFC

- (A) Each Floor Member shall be incorporated or otherwise established in the DIFC.
- (B) Each Member shall be authorised, recognised or otherwise permitted by the DFSA to conduct the activities which it intends to conduct while trading on the Exchange and must provide evidence to the Exchange of such regulatory status.

4.2 Compliance with regulatory requirements

- (A) Each Member shall at all times have in place systems, controls and procedures designed to ensure compliance with:

(1) these Rules;

(2) all applicable laws and regulations, including all applicable rules and guidance published by the DFSA and any other regulator who is responsible for regulation of any of the Member's activities conducted on the Exchange or otherwise made subject to these Rules, all Applicable AML Requirements and Market Conduct Requirements; and

(3) without prejudice to the generality of sub-paragraph (A)(2) of this Rule 4.2, the reporting requirements under Section 6045 of the United States Internal Revenue Code and regulations made thereunder and such other provisions of such Code and regulations that are pertinent thereto, to the extent applicable to that Member.

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- (B) Each Member shall be able promptly to evidence the existence of the systems, controls and procedures required by paragraph (A) of this Rule 4.2 at the request of the Exchange.
- (C) Each Member which is not an Authorised Firm and which proposes to carry an account for any other person must appoint an individual as a Money Laundering Reporting Officer with responsibility for that Member's compliance with all Applicable AML Requirements.
- (D) No Member shall carry any account for any other person until it has verified the identity of that person for the purposes of Applicable AML Requirements. Members shall maintain all records and documents relating to its identity verification for at least (6) six years.

4.3 Reporting obligations: general

(A) Each Member shall promptly provide the Exchange with the following information:

- (1) where applicable, annual audited accounts within four (4) months of the end of its financial year;
- (2) where no annual audited accounts are available, such regular financial information as the Exchange may prescribe from time to time;
- (3) any material adverse change in financial condition;
- (4) any refusal of admission to; any withdrawal of any application for membership in; any suspension, expulsion, bar, fine, censure, denial of membership, registration or license or permission imposed by; any withdrawal of any application for registration with; or any cease and desist order, temporary or permanent injunction, denial of trading privileges or any other sanction or discipline through an adverse determination, voluntary settlement or otherwise, imposed by:
 - (a) the DFSA or any other regulatory authority of any state, territory or foreign country;
 - (b) any federal or state court;
 - (c) any quasi-governmental body; or
 - (d) any self-regulatory organisation or other business or professional association;
- (5) any conviction, finding of guilt, confession of guilt or plea of guilt to a felony or misdemeanour charging misrepresentation, fraud, deceit, theft, embezzlement, gambling, conversion, abuse of a fiduciary relationship or other such act by the Member or any director, officer or partner of the Member;
- (6) the commencement, by the issuance of a formal order of investigation (or its equivalent), or by the issuance or service of a written complaint (or its equivalent), of any judicial, administrative or self-regulatory proceeding, as the case may be, against such member by the DFSA, any other regulatory authority of any state, territory or foreign country, any commodity or securities exchange or related clearing organisation, or any registered futures or securities association, or any self-regulatory organisation or other business or professional association;
- (7) details of any enforcement action taken against it, whether taken by the DFSA, any other exchange or any other regulatory authority of any state, territory or foreign country;
- (8) details of any enforcement action taken against one (1) or more of its employees or representatives employed or otherwise engaged in respect of any of its activities conducted on the Exchange, whether taken by the DFSA, any other exchange or any other regulatory authority of any state, territory or foreign country;

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- (9) any changes in the Member's memorandum or articles of association or other constitutional documents, or in the case of partnerships, any amendment to the partnership agreement;
 - (10) whether the reporting requirements under Section 6045 of the United States Internal Revenue Code apply, or have ceased to apply, in relation to that Member, and if such reporting requirements apply, that Member's US taxpayer identification number and details of an individual within the Member's senior management as a point of contact in respect of such reporting requirements;
 - (11) any further information in relation to commercial matters as may be required by the CEO or any person empowered by him generally or in any specific case; and
 - (12) any further information in relation to regulatory and compliance matters as may be required by the CCO or his designee.
- (B) Each Floor Member shall inform the Exchange and any Clearing Member with whom the Floor Member holds an account immediately of:
- (1) entry into an agreement with a Seat Lessee under which that Seat Lessee shall occupy a Seat on the Exchange Floor; and
 - (2) the termination of any such agreement and the reason(s) for such termination.
- (C) Each Clearing Member shall inform the Exchange immediately of:
- (1) entry into an agreement with a Customer under which that Clearing Member guarantees the Customer's access to the Trading Platform (a **Guaranteed Customer**);
 - (2) the termination of any such agreement and the reason(s) for such termination.

4.4 Reporting obligations: DFSA authorisation information

- (A) Each Member shall confirm to the CCO annually in writing:
- (1) as to the nature of the Member's activities on the Exchange;
 - (2) in relation to those activities, that the Member has an appropriate authorisation, recognition or other permission to carry on the activities which it conducts on the Exchange or permission ; and
 - (3) whether the Member is subject to regulation by any other regulatory organisations, either in the UAE or elsewhere, and if so which organisation is its main regulator for the purposes of these activities or any other activities made subject to these Rules.
- (B) Each Member shall notify the Exchange immediately upon variation in or cancellation of its authorisation, recognition or other permission by the DFSA to carry on any activity which it conducts on the Exchange.
- (C) Each Member shall notify the Exchange immediately upon initiating any change in its business or circumstance which may affect its authorisation, recognition or other permission by the DFSA to carry on any activity which it conducts on the Exchange.
- (D) Any notice required to be given under paragraph (B) or (C) of this Rule 4.4 shall include details of the steps which the Member has taken to ensure that it will continue to comply with the requirements of Rules 4.1 and 4.2 in respect of any of its activities conducted on the Exchange.

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(E) Any notice required to be given under this Rule 4.4:

(1) shall be given on or around a date agreed in advance with the CCO and promptly upon any change in the particulars last notified;

(2) shall be in such form as the Exchange may from time to time prescribe; and

(3) where required, shall be certified by a firm of auditors, lawyers or some other person acceptable to the Exchange.

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4.5 Accuracy of information

All Members shall ensure to the best of their ability that all information and documents provided to the Exchange pursuant to these Rules, and any information or documents provided to the Clearing House from time to time under any Clearing House Rule, or any information or documents provided pursuant to a request or direction made by the Exchange, the Clearing House, the CEO, the CCO or any committee of the Exchange, are complete, fair and accurate.

4.6 Reports and records

(A) Members must make and file reports and keep and maintain records in respect of such documents, in such form and for such period as may be required under the rules and regulations of any regulatory body to whose rules and regulations they are subject (including the DFSA or as may be prescribed by the Board, and in any event all Members shall maintain all records relating to all orders and Market Contracts to which the Member is a party or which the Member has executed, forwarded for execution, transferred or assigned including details of the persons for whom the trade was made, the parties to it, the manner in which it was fulfilled, discharged or terminated.

(B) Members shall maintain all such records in permanent hard copy or permanent and readily-retrievable electronic form, unless they are required to keep them in another form by the rules and regulations of any regulatory body to which that Member is subject.

(C) All records required to be kept under this Rule 4.6 shall be kept for at least six (6) years, unless:

(1) they are required to be kept for a longer period by the rules and regulations of any regulatory body to which the Member is subject; or

(2) the Market Contract to which the records refer has not been settled within six (6) years from the trade date, in which case the relevant records shall be kept for a further one (1) year after the contract has been settled.

(D) All records required to be kept under this Rule 4.6 shall be open to inspection by the Exchange, the Clearing House, the DFSA and any other regulator which is responsible for the regulation of the Exchange's activities or Members' activities on the Exchange.

4.7 Information gathering and inspections by the Exchange

(A) The CCO or his designee may request trading or other information regarding any Clearing Member from the Clearing House and the Clearing House shall provide any such information promptly upon request.

(B) The CCO or his designee shall be entitled at any time to inspect and take copies of the records, trading information, books of account and other documentation, howsoever made and retained, of Members (including any documentation howsoever made and retained by or in the possession of the Member for any other person) for the purposes of ensuring compliance with these Rules, and in particular with paragraph (A) of Rule 4.2.

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- (C) The CCO or his designee shall be entitled at any time to inspect and take copies of:
- (1) a Member's anti-money laundering procedures and any records relating to its compliance with Applicable AML Requirements howsoever made and retained; and
 - (2) documents and any records relating to a Member's compliance with Market Conduct Requirements howsoever made and retained.
- (D) Where the documentation referred to in paragraphs (B) or (C) of this Rule 4.7 is in the possession of a third party, the Member shall procure that the Exchange is given access to such documentation as if it were in the Member's, Seat Lessee's or Guaranteed Customer's possession.
- (E) The CCO or his designee may at any time attend at the premises of any Member for the purpose of inspecting any of the matters referred to in Rules 4.2, 4.3, 4.4 and paragraphs (B) and (C) of Rule 4.8, and the Member shall ensure that all cooperation is afforded to him.
- (F) The CCO or his designee may cooperate with the DFSA, AMLSCU and any other governmental or international agency, any Authorised Market Institution or Recognised Body, any other exchange or clearing house and any self-regulatory or other regulatory or enforcement organisation in such manner as he thinks fit and shall, in particular, be permitted to disclose to any of these persons or bodies any information for the time being in the possession of the Exchange regarding any Member's financial condition or trading activities, including any information obtained pursuant to these Rules.
- (G) Without prejudice to the generality of paragraph (F) of this Rule 4.7, the CCO or his designee may:
- (1) provide to the US Internal Revenue Service a Member's US taxpayer identification number;
 - (2) require a Member to disclose details of all its executive officers, which details the Exchange may provide to the US Internal Revenue Service; and/or
 - (3) require a Member to disclose, either to the Exchange, the US Internal Revenue Service or any grand jury duly convened within the US, all books, papers, records and all data prescribed in Section 7602 of the United States Internal Revenue Code and regulations thereunder.

4.8 Obligations of Integrity and Co-operation

- (A) Whether or not an Authorised Firm, each Member shall observe high standards of integrity, fair dealing and market conduct as reflected in the DFSA Rulebook including, but not limited to, Chapter 4 GEN and any guidance published by it from time to time.
- (B) Each Member shall deal with the Exchange in an open and cooperative manner and keep the Exchange promptly informed of anything concerning the Member which might reasonably be expected to be disclosed to the Exchange.
- (C) Each Member shall cooperate fully and openly with any other agency or enforcement body having responsibility for the detection and prevention of financial crime or market misconduct, to the extent that that person requires information relating to the Member's Membership of, or trades carried out by the Member on, the Exchange.
- (D) Each Member shall organise and control its internal affairs in a responsible manner, keep proper records and have adequate arrangements to ensure that its staff and directors are suitable, adequately trained and properly supervised.
- (E) Each Member shall have appropriate measures to manage conflicts of interest arising in the course of its trading on the Exchange.

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4.9 Conduct and Trading Standards for Members

- (A) **General Rule.** No Member may engage in any practice which might reasonably be expected to have an adverse impact on the operations of the Exchange or any market on the Exchange or which is unfair to its Customers or other market participants or which contravenes any Market Conduct Requirement.
- (B) **Front Running.** No Member may purchase or sell any Future or Option for its own account (or for any account in which it has an interest) or place an order to do so while holding an order from a Customer in the same direction for any such transaction either:
- (1) where the Customer's order is executable at the market price or at the price at which such transaction can be made for such account; or
 - (2) intending to make or realise a profit from any price movement resulting from the execution of the Customer's order (whether alone or in combination with others).
- (C) **Wash Trades.** No Member shall make any order or execute any trade in an Exchange Contract which creates a misleading impression of activity in the market or causes the Exchange or any person to report misleading information as to the price or depth of the market in that Exchange Contract.
- (D) **Accommodation Trades.** No Member shall make any order or execute any trade in an Exchange Contract with a view to concealing any abusive trade or misconduct (past or future) by that Member or any other person.
- (E) **Compensation Trades.** No Member shall make any order or execute any trade or combination of trades in an Exchange Contract the primary purpose of which is to transfer money between accounts without creating (or reducing) any open interest, or for no legitimate purpose.
- (F) **Trading with Intent to Default.** No Member shall make any order or execute any trade in an Exchange Contract where that Member, either:
- (1) intends to default in the performance of any contract resulting from such order or from the execution of such trade; or
 - (2) has no reasonable grounds for believing that it would be able to avoid any such default.
- (G) **Cross Trades.** Except as expressly permitted under these Rules, no Member may enter into any form of cross trade.
- (H) **False Trades.** No Member shall purport to make or report any fictitious trade.
- (I) **Retail Clientss.** No Member shall open an account for, or accept any order from, a Retail Client in respect of trading on the Exchange and no Member shall enter into any contract in the terms of an Exchange Contract with a Retail Client.
- (J) **Transactions with Customers.** Except where expressly permitted under these Rules, no Member shall enter into any contract in the terms of an Exchange Contract with or for a Customer (a **Customer Contract**) and represent to that Customer that such contract is made on the Exchange by means of the Exchange's facilities or otherwise subject to these Rules, unless such Member first executes on the Exchange's market (or has procured such execution by another Member of) a trade (a **Matching Trade**) in respect of and in the terms of such Customer Contract.
- (K) A Member executing a Matching Trade shall be the buyer (or seller) on the Matching Trade if its Customer is the buyer (or seller) on the Customer Contract, and the Matching Trade shall be at the same price as the Customer Contract.

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- (L) **Confidentiality of Customer Orders.** No Member shall disclose at any time that he is holding an order of another person or divulge any order revealed to him by reason of his relationship to such other person, except to execute an order or at the request of an authorised representative of the Exchange, the Clearing House, the DFSA or any other regulator which is responsible for the regulation of the Member's activities on the Exchange.
- (M) **No Unfair Advantage.** No Member holding a Customer order given to him by another Member or having had actual disclosure of a Customer order from another Member may use the details of the Customer order at any time to take unfair advantage in a transaction for itself, directly or indirectly, or for its account or any account in which such Member has an interest.
- (N) No Member may take unfair advantage of a Customer order for the benefit of its own account or any account in which it has an interest or for any other person.
- (O) **Misallocation.** No Member shall allocate trades executed (or which were required to be executed) for the account of a Customer to the account of any other Customer or any other person. Where a Member unintentionally or accidentally misallocates a Customer trade, it shall be in breach of this Rule 4.9 if it fails promptly to remedy the misallocation.
- (P) **Withholding or Withdrawal of Orders.** No Member shall withhold or withdraw from the market any (or part of any) order for the convenience of another Member.
- (Q) No Member shall attempt to commit, or participate in the commission by another person (whether or not a Member) of, any of the actions prohibited by this Rule 4.9.
- (R) **Compliance with Financial and Other Limits.** No Member may make an order or execute any trade (other than to liquidate open positions) which would have the effect at the time of execution of any such trade of putting such Member in breach of any financial or other limit imposed on it by the Exchange or the Clearing House.

4.10 Trading Prohibition of Certain Persons

- (A) Members are prohibited from accepting or executing directly or indirectly any order for, or maintaining positions in, any Exchange Contract if such Member knows or, with the exercise of reasonable care, should know that the order or position is for or on behalf of:
 - (1) an employee of the Exchange;
 - (2) an employee, director or partner of a Member without the prior written consent of such Member and the CCO or his designee.
- (B) A Member may execute orders for the account of a director, employee or partner of another Member (or for an account in which such person holds an interest) provided that the Member records and identifies such transactions separately in its trading records and otherwise deals with such orders and margins resulting positions in the same manner as it deals with or manages other Customer orders or positions. Members shall ensure that their senior managers (other than those interested in any such orders or trades) shall monitor such orders and any resulting transactions and shall maintain adequate systems to protect Customers from conflicts of interest arising and to prevent or prohibit breach by any such employee, director or partner, of the Markets Law or any other rule or law against market misconduct.

4.11 Complaints against the Exchange regarding the performance of regulatory functions

- (A) The Exchange will investigate and resolve complaints against it in accordance with Rule 7.2.17 of AMI, Chapter 5 of GEN and the Exchange's own procedures.
- (B) A complaint against the Exchange may only be made in connection with the performance of, or failure to perform, any of its regulatory functions. Any such complaint must be made formally and in writing, addressed to the CCO. If it is made by a Member, it must be signed by a director or equivalent officer.

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- (C) The complainant must set out clearly the nature of the complaint and the full facts of the matter (as far as they are known).

4.12 Advertisements etc.

- (A) Each Member shall ensure that all stationery, brochures and advertising or other marketing material issued by it or on its behalf concerning Membership, any Exchange Contract or any other contract available for trading on the terms of these Rules or otherwise using the Exchange's name or in relation to any matter of interest or concern to the Exchange shall:
- (1) be clear, fair and not misleading;
 - (2) comply with all applicable laws and regulations; and
 - (3) conform to any guidelines as may from time to time be published by the Exchange.
- (B) Each Member shall ensure that all brochures, advertising or other marketing material issued by it or on its behalf shall, in addition to the requirements of paragraph (A) of this Rule 4.12, comply with the provisions of COB, whether or not the Member is an Authorised Firm.

4.13 Customer agreements

- (A) No Member shall open an account for a Customer, or enter into a contract with or accept an order to enter into a contract for a Customer, unless the Member has (subject to such exceptions as may be prescribed) entered into a written agreement with the Customer containing such terms as may from time to time be prescribed in these Rules or in directions of the Board.
- (B) Without prejudice to the generality of paragraph (A) of this Rule 4.13, each written agreement with a Customer must:
- (4) import into every contract made with the Customer all the terms of these Rules insofar as they are applicable to that contract; and
 - (5) in relation to any business done with the Customer, enable the Member to perform all contracts from time to time registered in the Member's name with the Clearing House and to comply with all requirements of the Rules and any other arrangements, provisions and directions given by the Exchange.

4.14 Seat Lessees and Guaranteed Customers

- (A) A Floor Member who holds more than one (1) Floor Membership Privilege may lease the Seat attaching to that Floor Member Privilege, always to include the right to trade on the Exchange Floor, to a Customer (a **Seat Lessee**), providing that the Floor Member retains occupation of at least one (1) of its Seats.
- (B) A Seat Lessee may trade either on the account of the Floor Member concerned or on its own account held with a Clearing Member, but not both. A Floor Member who permits a Seat Lessee to trade on that Floor Member's account shall be responsible for ensuring that the Seat Lessee does not undertake any trading on any account held by that Seat Lessee with a Clearing Member;
- (C) Without prejudice to Rule 4.13, a Floor Member who proposes to permit a Seat Lessee to occupy one or more of that Floor Member's Seats must ensure that its written agreement with that Seat Lessee contains:
- (1) a requirement that the Seat Lessee provides a copy of the agreement to any Clearing Member with whom the Seat Lessee holds any account;

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- (2) a requirement that the Seat Lessee undertakes (in the prescribed form) to, and for the benefit of, the Exchange to be bound by these Rules and to maintain with the Exchange at all times details of an individual whom the Exchange may contact in connection with any matter whatsoever relating to the Seat Lessee's activities on the Exchange; and
- (3) provision for the termination of the agreement if:
 - (a) the Seat Lessee fails to comply with any of these Rules; or
 - (b) the Floor Member's Floor Membership is withdrawn or suspended by the Exchange for any reason.
- (D) A Clearing Member may permit a Customer who is not a Member to have access to the Trading Platform under that Clearing Member's guarantee (a **Guaranteed Customer**).
- (E) A Clearing Member shall not permit access to the Trading Platform to any Customer who is already a Guaranteed Customer of another Clearing Member.
- (F) Without prejudice to Rule 4.13 a Clearing Member who proposes to permit a Guaranteed Customer to have access to the Trading Platform must ensure that its written agreement with that Guaranteed Customer contains:
 - (1) a requirement that the Guaranteed Customer undertakes (in the prescribed form) to, and for the benefit of, the Exchange to be bound by these Rules and to maintain with the Exchange details of an individual whom the Exchange may contact in connection with any matter whatsoever relating to the Guaranteed Customer's activities on the Exchange; and
 - (2) provision for the termination of the agreement if the Guaranteed Customer fails to comply with any of these Rules or the Clearing Member's Membership is cancelled or terminated for any reason.
- (G) No Seat Lessee shall be permitted access to the Trading Platform unless that Seat Lessee has satisfied the Exchange that it meets all of the criteria in paragraph (H) of this Rule 4.14 and the Exchange has so confirmed in writing to the Floor Member .
- (H) The criteria referred to in paragraph (G) of this Rule are:
 - (1) be a body corporate, partnership or unincorporated association;
 - (2) be authorised or otherwise permitted by the DFSA to carry on the activities it intends to conduct on the Exchange;
 - (3) have good character, commercial standing and business experience;
 - (4) provide such evidence as is required as to its legal status and organisation and as to its ability to trade on the Exchange without breaching applicable laws, regulations and rules;
 - (5) designate an agent for service of process in the DIFC concerning and limited to the Exchange-related activities and business of the Seat Lessee;
 - (6) agree (in the prescribed form) to be bound by the Rules;
 - (7) designate (in the prescribed form) an officer, employee or partner as the Exchange liaison, whom the Exchange may contact in order to obtain additional information or documentation in connection with any matter whatsoever provided in these Rules;

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- (8) have an agreement with a Clearing Member to accept and clear that Seat Lessee's trading on the Exchange or provide evidence that the Seat Lessee will trade only on the account of the Floor Member from whom it leases its Seat;
 - (9) if the Seat Lessee intends to trade as principal or agent on the account of any Customer or to trade as agent on account of any third party, comply with all applicable DFSA or other regulatory capital requirements and have net capital of not less than one million dollars (\$1,000,000) or its equivalent in any other currency;
 - (10) provide, if requested, evidence of its experience and competence;
 - (11) provide, if requested, satisfactory evidence to enable DME to comply with its obligations under the Applicable AML Requirements; and
 - (12) do or submit such other things or documents as the Board may stipulate from time to time.
- (I) No Guaranteed Customer shall be permitted access to the Trading Platform until its respective Clearing Member has confirmed to DME:
- (1) that it has verified the identity of the Guaranteed Customer in accordance with all applicable requirements;
 - (2) that the Guaranteed Customer has agreed to be bound by these Rules;
 - (3) that the Guaranteed Customer has furnished the Clearing Member with all required details in relation to the Guaranteed Customer's Authorised Terminal Users; and
 - (4) that the Guaranteed Customer has an agreement with the Clearing Member to accept and clear that Guaranteed Customer's trading on the Exchange.
- (J) The provisions of Rule 4.2, Rules 4.5 to 4.13, Rule 4.15 and Rules 4.17 to 4.19 shall apply to each Seat Lessee and each Guaranteed Customer. In those Rules reference to a Member shall be read to mean either a Member, a Seat Lessee or a Guaranteed Customer as the case may be.
- (K) The provisions of Rules 2.7 and 2.8 shall apply to each Seat Lessee who is guaranteed to trade on the Exchange by a Clearing Member in respect of trades on the Exchange, and to each Guaranteed Customer, and to their respective Clearing Members. For this purpose, reference in Rules 2.7 and 2.8 to a Member shall be read to mean either a Member, Seat Lessee or a Guaranteed Customer as the case may be.
- (L) Each Seat Lessee and Guaranteed Customer shall at all times be appropriately licensed or authorised to enable it lawfully to carry on the activities it intends to conduct on the Exchange and must, upon request by the Exchange, produce documentary evidence of such regulatory status.
- (M) Each Seat Lessee and Guaranteed Customer shall be responsible for, and subject to disciplinary action as a result of, the acts and omissions of, and any breach of these Rules by, their directors, officers, partners, employees and other representatives.
- (N) Immediately upon becoming a Seat Lessee and/or Guaranteed Customer under this Rule 4.14, a person shall notify the Exchange whether that person is subject to the reporting requirements under Section 6045 of the United States Internal Revenue Code, and shall thereafter immediately inform the Exchange of any subsequent change in such status. If the Seat Lessee or Guaranteed Customer is subject to such reporting requirements, it shall provide to the Exchange its US taxpayer identification number and details of an individual within its senior management as a point of contact in respect of such reporting requirements.

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4.15 US Customers

- (A) No Member shall assign an account number that would accept the entry of orders on the Exchange by a Customer in the US (including a Guaranteed Customer in the US) unless such Customer has been provided with the following disclosures (or statements having an equivalent effect):
- (1) a statement explaining that all trading on the Exchange is undertaken electronically;
 - (2) a statement confirming that these Rules apply to all trading to be effected by means of the Exchange;
 - (3) a statement advising Customers that they should read these DME Rules carefully before engaging in any trading involving use of the Exchange, to ensure that they understand, amongst other things:
 - (a) the order matching procedure, opening and closing procedures and prices, error trade policies and trading limitations or requirements applicable to the Exchange; and
 - (b) the qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the Exchange;
 - (4) a statement clarifying that internet-based systems may present additional types of risks related to system access, varying response times and security, as well as risks related to service providers and the receipt and monitoring of electronic mail;
 - (5) a statement reminding Customers that trading by means of the Exchange exposes them to risks associated with system or component failure, and that in the event of system or component failure Customers may not be able, for a certain period of time, to enter new orders, execute existing orders or modify or cancel orders that were previously entered, and that orders or order priority may be lost;
 - (6) a statement recommending that Customers should check the Rules which limit the Exchange's liability, the liability of Members, and of software and communication system vendors, as well as the amount of damages that Customers may be able to collect, in the event of system failure and delays, to ensure that they understand these limitations of liability.
- (B) For the avoidance of doubt, the requirements of this Rule 4.15 shall be considered satisfied if the relevant Customer has been provided with the Standard Electronic Trading and Order Routing Systems Disclosure Statement published by the Futures Industry Association of the US.

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4.16 Trade confirmations

Each Member shall give a written confirmation to its Customers recording the terms of any contract made with each of them.

4.17 Customer orders

Each Member shall be responsible for exercising due diligence in the execution of all executable Customer orders as of the time the order was time stamped on the Exchange Floor.

4.18 Customer margin

- (A) The Board shall from time to time establish and publish to Members the minimum margins which Members must require of Customers. Unless stated otherwise, all changes to customer

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margin requirements established and published under this paragraph (A) will apply to open positions initiated both before and after the date of any such change.

- (B) The margin requirements established by the Board may vary for different commodities.
- (C) Additional margins may be required of any and all customers of any Clearing Member on all open trades in such commodity contracts and in such amounts as the Board may deem necessary.
- (D) A Member must require a Customer to respond to a margin call issued by that Member in full within three (3) Business Days of such call. A Member may call, at any time, for margins above and beyond the minimums required by the Exchange. A Member may liquidate any or all positions maintained by a Customer for failure to meet a margin call. The Customer will be liable for any loss or deficiency resulting therefrom.
- (E) A Member shall not accept orders for new trades on behalf of a Customer other than those which reduce its initial margin requirement unless such Member has been given assurances by that Customer that funds sufficient to restore the account of the Customer to its prevailing initial margin requirement will be received in a reasonable amount of time, not to exceed three (3) Business Days.
- (F) A Member may accept deposits from a Customer in one or more of the following forms as margin in respect open positions on the Exchange:
 - (1) US dollars; or any currency freely convertible to US dollars; provided that if foreign currency is deposited, its value shall be calculated so that at the prevailing rate of exchange the US dollar equivalent of the foreign currency satisfies the Customer's margin obligation at any given time;
 - (2) securities issued by the Department of the Treasury of the United States maturing within ten (10) years of the date of the deposit and guaranteed as to principal and interest by the Government of the US. Such securities shall be valued at ninety five percent (95%) of par value;
 - (3) fully paid equity securities which are listed for trading on the Dubai International Financial Exchange, the New York Stock Exchange, Inc., the American Stock Exchange, Inc. or Nasdaq, provided that such securities; (i) are free from liens and encumbrances; (ii) represent no more than 5% of the issued and outstanding shares of any one issuer; (iii) have a market value of at least \$10 per share; and (iv) are not equity securities listed by the Customer or any of the Customer's Affiliates. Such equity securities shall be valued at 75% of the market value. Clearing Members may not accept as margin from a Customer equity securities issued by that Customer or those of that Customer's Affiliates;
 - (4) letters of credit in favour of the Member or the Exchange, in such form as may be prescribed by the Exchange and by a depository which has been approved by the Exchange for this purpose. Members or in favour of the Exchange, as applicable. Members may not accept from Customers letters of credit issued by the Customer, its Affiliates, the Member or the Member's Affiliates; and/or
 - (5) deliverable warehouse receipts for commodities traded on the Exchange provided that such receipts will be valued as margin at no more than 75% of the value of the commodity.
- (G) Withdrawals of margin from a Customer's account may only be permitted by the Member carrying that account if the remaining funds in that account are, at the time a request for such a withdrawal is made, equal to or in excess of the then prevailing initial margin required in relation to the open positions held by the Customer on the Exchange.

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4.19 Obligations of Members: dealing with complaints

- (A) Each Member shall ensure that all complaints in relation to business concerning Futures, Options or contracts for differences, whether or not subject to the Exchange's terms, are promptly, thoroughly and fairly investigated, and that in the most serious cases such investigations will be conducted by one of its senior officers or employees who has no personal interest in the subject matter of the complaint.
- (B) Each Member shall ensure that, following an investigation conducted pursuant to paragraph (A) of this Rule 4.19, the complainant is informed in writing of the outcome of the investigation.
- (C) Each Member shall retain for at least 6 years all such complaints which were made in writing and in relation to each complaint all documents relating to its subject matter.
- (D) Each Member shall create and maintain a register of complaints, showing the following details:
 - (1) the date of receipt of each complaint;
 - (2) the Customer who made the complaint;
 - (3) the relevant employees or representatives of the Member who are the subject of the complaint or whose conduct appears relevant to it;
 - (4) the subject matter of the complaint; and
 - (5) any action taken by the Member.
- (E) The register referred to in paragraph (D) of this Rule 4.19 shall be open to inspection by the Exchange upon the Exchange's demand.
- (F) The requirements of paragraphs (A) to (E) of this Rule 4.19 are without prejudice to any other requirements upon the Member under the DFSA Rulebook or any other regulatory rules to which the Member is subject in relation to addressing complaints by Customers.

4.20 Rule Changes

- (A) Subject to paragraph (E) of this Rule 4.20, the Board may at any time adopt, amend or delete any Rule by a majority vote.
- (B) Any Rule adopted, amended or deleted pursuant to paragraph (A) of this Rule 4.20 shall be notified to Members and shall take effect at such time and in such manner as the Board may direct.
- (C) The Board will consult with Members on adopting, amending or deleting a Rule, save that the Board shall not be obliged to consult where it exercises its powers pursuant to Rule 4.22 and the DFSA has waived any requirement for consultation under the DFSA Rules.
- (D) The Board may carry out consultation on the adoption, amendment or deletion of any Rule in such forum as it considers appropriate to the Rule change including consulting with:
 - (1) relevant committees;
 - (2) Members and other users of its facilities, including groups and appropriate representative bodies (or any of these groups of persons, as the Board considers appropriate); and
 - (3) such other groups of persons as the Board considers appropriate in the circumstances.

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- (E) No proposed adoption, amendment or deletion of a Rule will take effect until approved by the DFSA.

4.21 Physical emergencies

- (A) For the purposes of this Rule 4.21 and Rule 4.22, **Physical Emergency** means:
- (1) fires or other casualties, bomb threats, substantial inclement weather, power failures, communication or transportation breakdowns, computer system breakdowns, screen-based trading system breakdowns and malfunctions of plumbing, heating, ventilation and air conditioning systems; or
 - (2) any other event which, in the reasonable opinion of an Exchange official designated for the purposes of paragraph (B) of this Rule 4.21, justifies an action taken under that paragraph as being in the interests of the Exchange or its users of the Exchange, or the preservation of a fair and orderly market.
- (B) Without prejudice to Rule 4.22 (and subject to any order to the contrary by the Board or any persons authorised under that Rule), a designated Exchange official, the CEO or CCO may temporarily suspend trading on the Exchange in the event of a Physical Emergency.
- (C) Trading will be resumed as soon as reasonably practicable following a suspension in accordance with paragraph (B) of this Rule 4.21.

4.22 Emergencies: powers of the Board, the CEO and the CCO

- (A) Subject to paragraph (I) of this Rule 4.22, the Board may at any time:
- (1) amend, delete or add to the Rules or procedures of the Exchange where, in either case, it considers that the circumstances constitute an Emergency and the Rule change is necessary or desirable for the performance of the Exchange's regulatory functions or its orderly operations as a market (including to maintain its status as an AMI);
 - (2) in the event of an Emergency, order suspension of trading for such period as in its judgment is necessary.
- (B) For the purposes of this Rule 4.22, an **Emergency** includes, but is not limited to, the following circumstances:
- (1) where any manipulative activity or attempted manipulative activity is suspected;
 - (2) any actual, attempted or threatened corner, squeeze, congestion or undue concentration of positions;
 - (3) any circumstance or circumstances that may materially affect the performance of futures or options contracts traded on the Exchange;
 - (4) any action taken by or against the UAE government, the Government of the Emirate of Dubai, the DIFC Authority, any foreign government, any local government, authority or agency, or by any other exchange or trade association, whether foreign or domestic, which action may have a direct impact on trading on the Exchange;
 - (5) any circumstances that may have a severe, adverse effect on the physical functions of the Exchange, including a Physical Emergency;
 - (6) any other unusual and unforeseeable adverse circumstance.
- (C) Any such Rule change will take effect as the Board may direct, and will be notified to Members and such other users and interested parties who may request notification.

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- (D) The Board will endeavour to give Members, Seat Lessees and Guaranteed Customers prior notice of such Rule changes, but where this is not possible Members, Seat Lessees and Guaranteed Customers will be informed by email as soon as possible following such Rule change.
- (E) In an Emergency, or to determine whether an Emergency exists, a meeting of the Board may be convened on immediate notice.
- (F) In the event of an Emergency where a quorum of the Board is unavailable, all trading on the Exchange may be suspended by an affirmative vote of two-thirds of the members of the Board present.
- (G) In the event of an Emergency in which no other member of the Board is present, the Chairman or, in his absence, the Deputy Chairman or, in their absences, any one (1) director (or alternate) present or, in their absences, the CEO or the CCO or, in both their absences, the COO, may order suspension of trading for such period as in their or his judgment is necessary.
- (H) Any action taken pursuant to this Rule 4.22 will be subject to review and modification by the Board.
- (I) Any proposed amendment, deletion or addition to the Rules pursuant to this Rule 4.22 will not take effect until it has been approved by the DFSA.

4.23 Position Reporting

- (A) Each Clearing Member shall report to the Exchange positions equal to or in excess of the levels set out in Rule 4.24. This requirement extends to proprietary and Customer positions (including underlying Customer positions within an Omnibus Account).
- (B) Reports must be submitted in such form and manner, with such accompanying information and frequency (not exceeding twice daily) and by such deadlines as the Exchange may prescribe by notice to Clearing Members.
- (C) Where an account includes any sub-account, the Clearing Member shall report the aggregated gross long and/or the aggregated gross short positions in the account and all sub-accounts if either equals or exceeds the levels specified by Rule 4.24.
- (D) If a Clearing Member holds separate Customer accounts for Affiliates, the Clearing Member must report positions of each Affiliate separately, citing the prescribed identification information for each entity.
- (E) The CCO may require any Member, Seat Lessee or Guaranteed Customer to file additional reports under this Rule 4.23 to be compiled on the basis that, where any person who holds, controls or has a significant financial interest in more than one account, all such accounts shall be treated as a single account for the purposes of the reports under this paragraph (E). For the purposes of this paragraph (E), "control" shall include having discretionary authority over, or day-to-day control of trading activity in, that account.
- (F) The Exchange shall restrict access to information in reports filed to comply with this Rule 4.23, and in particular the confidentiality obligations of Rule 2.26 shall apply to all such information.

4.24 Reporting Levels

The quantities for the purposes of filing a report under Rule 4.23 will be published by the Exchange from time to time, generally, on the Exchange's website.

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4.25 Large Positions and Undesirable Practices

- (A) The Board may take any action to correct, counteract or check the further development of, or stop any position, speculation, situation or practice, which the Board in its absolute discretion considers:
- (1) is affecting or may affect the Exchange or any market on the Exchange; or
 - (2) is excessive, unwarranted or otherwise undesirable.
- (B) Without limiting the generality of paragraph (A) of this Rule 4.25, action by the Board under paragraph (A) of this Rule 4.25 may include:
- (1) directing any Member, Seat Lessee or Guaranteed Customer to take, or desist from, any action (including without limitation closing out all or part of any position held by it for its own or a Customer's account and/or action in relation to physical positions held);
 - (2) action in relation to trades executed before the action was initiated; and
 - (3) action not otherwise provided for in these Rules.
- (C) Any contravention of a direction given under paragraph (A) or (B) of this Rule 4.25 shall be deemed a breach of these Rules and punishable as a Major Offence.

4.26 Waivers and variations of Rules

- (A) The Board or the CCO may, in accordance with paragraph (B) of this Rule 4.26, grant to a Member (or applicant for Membership), or to any Seat Lessee or Guaranteed Customer a waiver or variation of particular requirements of any Rule, or an additional period of time for compliance with any such requirements, in such circumstances and subject to such conditions as the Board or CCO may think fit.
- (B) A waiver, variation or additional period of time may be granted if the Board or the CCO is satisfied that:
- (1) compliance with the relevant requirements, or within the relevant period of time, would be unduly burdensome to the Member (or applicant for Membership), Seat Lessee or Guaranteed Customer;
 - (2) the waiver, variation or additional period of time would not create unacceptable risks for the Exchange, or the market generally, and in particular would not be inconsistent with the Licensing Requirements to which the DME is subject or the good repute of the Exchange or its Members; and
 - (3) the waiver, variation, or additional period of time, would not unfairly disadvantage others or unreasonably discriminate against them.
- (C) The Exchange shall maintain and keep updated a register of all waivers, variations and grants of time under paragraph (A) of this Rule 4.26.
- (D) The Board shall publish any waiver, variation or grant of time under paragraph (A) of this Rule 4.26 unless the Board considers it inappropriate or unnecessary to do so.

4.27 Billing and commissions

Any bill for services rendered on the Exchange shall be issued in the name of, and as payable to, a Member, Seat Lessee or Guaranteed Customer.

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4.28 Payment of gratuity to employees of others

No Member, Seat Lessee or Guaranteed Customer or employee or agent thereof shall directly or indirectly pay or offer any compensation or gratuity in excess of one thousand dirhams (AED 1000) to any employee of another Member, Seat Lessee or Guaranteed Customer or to an employee of the Exchange or of the Clearing House for any service rendered or to be rendered, or requested, unless express written consent be obtained in advance from the employer of such employee.

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Chapter 9 Governing Law and Jurisdiction

9.1 Governing Law

Except where expressly provided otherwise, these Rules shall be construed in accordance with the laws of the DIFC for the time being in force.

9.2 Jurisdiction of the Courts of the DIFC

- (A) Each Member, Seat Lessee and Guaranteed Customer irrevocably agrees for the benefit of DME, and subject to paragraphs (B) to (D) of this Rule 9.2, that the Courts of the DIFC shall have exclusive jurisdiction to settle any dispute, claim, grievance or controversy arising out of or in connection with these Rules or out of or in connection with Market Contracts.
- (B) Nothing in this Rule 9.2 shall limit the right of DME in respect of any such dispute, claim, grievance or controversy to take proceedings against a Member, Seat Lessee, Guaranteed Customer or an employee or agent thereof in any court of competent jurisdiction.
- (C) Any dispute, claim, grievance or controversy involving CME Group Inc. (which reference shall for the purposes of this Rule 9.2 also include CME Group Inc.'s subsidiaries and affiliates including, but not limited to, the Chicago Mercantile Exchange Inc. and the New York Mercantile Exchange Inc.) arising out of or in connection with these Rules shall be subject to the exclusive jurisdiction of any federal or state court located in New York, New York.
- (D) This Rule 9.2 shall not apply to:
- (1) any disciplinary action taken or proposed to be taken under the Disciplinary Rules in Chapter 7;
 - (2) any dispute, claim, grievance or controversy to which the Arbitration Rules in Chapter 5 shall apply; and
 - (3) any issue for resolution falling within the provisions of Rule 10.19 or paragraph 2(2) of Appendix A to Chapter 10.

- 9.3 Rule 9.2 is without prejudice to any requirement under the laws of the DIFC or the DFSA Rulebook that any action, application or appeal must be made to a specific tribunal or the DIFC Court.

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