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.

AML means Anti-Money Laundering.

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 related to money laundering and the prevention of money laundering and all legislation, regulations and rules applicable to Members, DEA Customers or other Exchange participants under the Rules, the DFSA Rulebook and/or UAE federal law related to money laundering and the prevention of money laundering.

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 or a DEA Customer, an individual (including, within this limitation, an employee, agent, independent contractor or Customer of the Member) whom the Member or DEA Customer has designated to serve as terminal operator or otherwise authorised to access the Trading Platform via a Certified Application and whom the Member or DEA 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 6.30.

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 or Head of Compliance**) means the Exchange employee appointed as chief compliance officer by the Board from time to time.

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

Certified Application means any front-end trading application, provided by the Member or DEA Customer or a third party, via which the Member or DEA 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 CME 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 the CME Clearing House also referred to as CME Clearing, a division of CME.

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

Clearing House Rules means the rules and by-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 clearing systems, as updated or changed from time to time, which are used to effectuate the clearing of the Exchange's contracts.

CME means CME Group Inc., its Affiliates and subsidiaries.

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

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

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 designated contract market under the Commodity Exchange Act or in accordance with the CFTC regulations thereunder.

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

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.

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 6.29(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 and includes a DEA Customer.

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.

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.

Direct Electronic Access (or **DEA** or **Direct Market Access**) means any arrangement, such as the use of the Member's trading code, through which a member or the clients of that Member are able to transmit orders relating to contracts directly to the Trading Platform.

DEA Customer means a Customer that has access to the Trading Platform pursuant to an agreement with a Clearing Member in accordance with Rule 4.16(A).

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 4.21(J).

DME means Dubai Mercantile Exchange Limited.

dollar or **$** means the lawful currency of the US, and **cent** means a denomination equal to one-hundredth ($^{1}/_{100}$) of one (1) dollar.

EFP has the meaning given to it in Rule 6.25.

EFR has the meaning given to it in Rule 6.25.

EOO has the meaning given to it in Rule 6.25.

EFRP has the meaning given to it in Rule 6.25.

Enforcement Committee means any Person or committee that is authorised by an Authorised Market 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.

Equity Member means a Member of the Exchange with all the rights and obligations set forth in the Rules that also owns at least one (1) Class B share in the issued share capital of DME Floorco Limited with all rights attaching to such Class B share and Equity Membership shall be construed accordingly.

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.

Failure, in relation to a Member, DEA Customer or Authorised Terminal User, has the meaning set out in Rule 7.36.

Financial Service has the meaning given to it in Rule 2.2 of GEN Module of the DFSA Rulebook; **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.

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 (1) 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.

Hearing Panel means the panel appointed to hear and decide disciplinary matters by the chairman of the Markets Committee in accordance with Rule 7.17.

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 its 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 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 (1) 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 or DEA Customer holds or controls a position is equal to, or in excess of the reporting limit in Rule 4.28.

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 7.4 of the GEN Module of the DFSA Rulebook.

Licensing Requirements means the licensing requirements for Authorised Market Institutions under Chapter 4 of AMI Module of the DFSA Rulebook.

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 6.27(D).

Marker Price means, in relation to any Future and delivery month, the Marker Price determined in relation to it in accordance with Rule 6.27.

Market Conduct Requirements means all legislation, regulations and rules applicable to a Member or DEA Customer (as the case may be) relating to the prevention of market misconduct or abuse, including (without limitation) Part 5 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 (1) lot.

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.1 of 2012 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 an Equity Member, an Off-Floor Member or a Clearing Member, unless specifically stated otherwise.

Membership means Equity Membership, Off-Floor Membership or Clearing Membership, unless specifically stated otherwise.

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 6.16(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.

Non-Reviewable Range means, in respect of an Exchange Contract, the Non-Reviewable Range determined in accordance with Rule 6.17(C) as temporarily amended from time to time in accordance with Rule 6.17(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.

Off-Floor Member means a Member of the Exchange with all the rights and obligations set forth in the Rules and **Off-Floor Membership** shall be construed accordingly.

Omnibus Account means a master account held with a Clearing Member that combines the proceeds from several underlying accounts.

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

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 Marker Premium means in relation to any Options Contract and delivery month, the Options Marker Premium determined in relation to it in accordance with Rule 6.27.

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 6.27.

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

Password means any password assigned to a Member or DEA 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 6.29.

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

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 meeting the definition of recognized body in Article 37(3)(a) of the Markets Law.

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

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

Related Party means a Person that is ultimately one hundred percent (100%) owned by the same parent entity as the Member or a Person that is an Affiliate of the Member.

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 7.14.

Reviewed Trade has the meaning given to it in Rule 6.17(B).

Rules means the business rules issued by the Exchange in force from time to time.

Service Centre Employees has the meaning given to it in Rule 6.29(E)

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 6.27.

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.

Trade Cancellation Policy has the meaning given to it in Rule 6.17(A)

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

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

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, DEA 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 Trading Platform;

(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.

Chapter 2 Membership Rules

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2.1 Membership

(A) The Board may issue Equity 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 Equity Memberships, Off-Floor Memberships and Clearing Memberships in issue at any time.

(B) Any body corporate, partnership or unincorporated association may apply for Membership of the Exchange, having the rights and privileges set out in of this Chapter 2. Applicants must satisfy the criteria in these Rules for the type of Membership being applied for and any other criteria established by the Exchange or the Board from time to time.

(C) Members may hold more than one (1) Membership and may hold multiple types of Memberships, subject to satisfaction of the relevant criteria for each Membership type.

(D) Off-Floor Members and Equity Members have the right to access and to trade on the Trading Platform, subject to all applicable laws and regulations.

(E) [RESERVED]

(F) Any clearing member of the Clearing House may apply for Clearing Membership of the Exchange. Clearing Members have the right to access and to trade on the Trading Platform, subject to all applicable laws and regulations.

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

(H) Every Person admitted to Membership shall be bound by these Rules.

2.2 Authorised Terminal Users

(A) Upon request by the Exchange, each Member and DEA 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 or DEA Customer, as the case may be (each such individual, an **Authorised Terminal User**).

(B) Each Member and DEA 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.

(C) Each Member and DEA 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 individual Authorised Terminal User must use a unique User ID to access the Trading Platform. In no event may an Authorised Terminal User enter an order or permit the entry of an order without a unique User ID or share their unique User ID with anyone else.

(E) 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 and any other application criteria established by the Board or the Exchange from time to time.

(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 Members

(A) An applicant for Membership must, at the time of application and throughout the term of Membership**:**

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

(2) be lawfully able, pursuant to DFSA Rules, to 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;

(3) have, in the opinion of the Board, good character, integrity and commercial standing

a. provide such evidence as is requested by the Exchange as to its legal status and organisation and as to its ability to become a Member without breaching applicable laws, regulations and rules;

(4) provide the following in a form agreed to by the Exchange:

(a) designation of 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) evidence that the application for Membership (and all the documents submitted as a part of the application) are duly authorised; 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.

(5) agree to be bound by the Rules;

(6) designate (in a form agreed to by the Exchange) an employee 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;

(7) notify the Exchange of key individuals responsible for management of the applicant (generally the chief executive officer), compliance with the Rules and such other individuals as the Exchange may require from time to time;

(8) [RESERVED]

(9) 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 if the applicant is not subject to any regulatory authority's capital requirements have net capital of not less than two hundred thousand dollars ($200,000) or its equivalent in any other currency;

(10) provide evidence to the satisfaction of the Board of its experience and competence;

(11) provide evidence to the satisfaction of the Board that it complies with the Applicable AML Requirements;

(12) provide satisfactory information to enable DME to comply with its obligations under the Applicable AML Requirements; and

(13) provide all information and documents required for the membership application and on-going Member obligations in the English language or with an English translation; and

(14) take such action and provide such information as the Exchange and the Board may require from time to time.

2.5 Requirements for Clearing Members

In addition to satisfying the requirements of Rule 2.4, an applicant for Clearing Membership of the Exchange must be a clearing member of the Clearing House, and must at all times remain in Compliance with the CME's net capital requirements for Clearing Members.

2.6 Clearing Arrangements

(A) Before commencing trading, each Member which is not a Clearing Member must have arrangements 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 2.6.

(C) A Clearing Member who holds an account for a Member in accordance with paragraph (A) of this Rule 2.6 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.

2.7 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 any Board committee, or such other Exchange committee or Exchange body as the Board determines in its sole discretion.

(C) The Exchange will give all Members notice of the name of each applicant for Membership reasonably in advance before the committee meeting in which the application will be considered for approval.

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

2.8 Procedures for determining fitness of applicants for Membership

(A) The Board shall review carefully each application for Membership taking into account the requirements, where applicable, of Rule 2.4, Rule 2.5 and any other requirement for Membership in the Rules or otherwise issued by the Exchange or the Board from time to time. The Board, the Exchange or an employee of the Exchange may direct the applicant to supplement any information provided and may arrange for such information to be investigated, if deemed necessary.

(B) 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.

(C) The references listed on the application may be contacted independently by the Board, the Exchange or an employee of the Exchange for a confidential evaluation of the applicant.

(D) The applicant's financial statement(s) shall be supported by appropriate documentary evidence and shall be subject to verification.

(E) Any applicant for Membership may be required to appear before the Board. The Board may determine that an applicant's failure to appear upon the request of the Board shall constitute a withdrawal of the application.

2.9 Denial of Membership

(A) The Board may deny an application for Membership if it determines, through the documentation and information gathered during the Exchange’s Membership on-boarding process, that:

(1) the applicant does not meet any one (1) or more of the criteria for Membership, or does not follow the procedures for applications for Membership set forth in these Rules or otherwise issued by the Exchange from time to time;

(2) the applicant or its Affiliate has been denied authorisation, registration or regulatory permissions or its authorisation, registration or regulatory permissions have been revoked or otherwise had any restrictions placed upon the applicant’s business by the DFSA, or any other regulatory or self-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 or self-regulatory authority, from engaging or continuing in any conduct or practice involving the purchase or sale of any commodity, security option or similar instrument, or has been the subject of an adverse finding or an agreed settlement action by any court of competent jurisdiction resulting in a penalty in excess of $10,000;

(4) the applicant is subject to any outstanding order issued by any regulatory or self-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, Federal Law No.4 of 2002 'Criminalisation of Money Laundering', any rule, regulation or order promulgated under such laws;

(6) it does not believe, in its sole discretion, that the applicant meets the Applicable AML Requirements or the acceptance of the applicant for Membership would not allow the Exchange to meet the Applicable AML Requirements;

(7) the applicant or its Affiliate or any director, officer or partner of the applicant or its Affiliate has been convicted of any crime;

(8) the applicant or its Affiliate is or has ever been suspended or expelled from any exchange, clearing organisation, registered futures association or other self-regulatory organisation or other business or professional association for breaching any rule of such organisation;

(9) the applicant has been censured, disciplined, publicly criticised or is the subject of a Court order at the instigation of any regulatory or self-regulatory authority, or other business or professional association for breach of any rule of such organisation;

(10) the applicant is subject to any material unsatisfied liens or judgments;

(11) 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 or at any time following the date of application the applicant becomes insolvent, is unable to pay debts as they mature, makes an assignment for the benefit of creditors or becomes involved in any liquidation, reorganisation or bankruptcy proceeding as a debtor, whether voluntary or involuntary;

(12) 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;

(13) the applicant fails to disclose any other information that would adversely affect the application for Membership;

(14) 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; or

(15) 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, the Clearing House or its Clearing Member(s),

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.

2.10 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 is given to the Exchange and the Clearing Member;

(2) in the case of Clearing Members seeking cancellation, the Exchange has given all existing Members reasonable advance notice of the withdrawal of the Clearing Membership;

(3) all dues, assessments, fines, penalties and any other monies 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.

2.11 Termination of Membership and/or access to the Trading Platform

(A) A Person's Membership status and/or access to the Trading Platform may be suspended or terminated by the Exchange immediately on the occurrence of any of the following events:

(1) 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);

(2) if a Member (other than a Clearing Member) ceases to hold an account with a Clearing Member in accordance with paragraph (A) of Rule 2.6;

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

(4) if a Member fails to meet the requirements of Rule 2.4, Rule 2.5 (where applicable) or Rule 2.6 or for any of the standards of denial detailed in Rule 2.9 (A) (1) to (15);

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

(6) for any other reason specified in these Rules.

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

2.12 Reinstatement of Membership status and/or access to the 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 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.

2.13 Transfer of Membership

(A) A Member may transfer ownership of one (1) or more Memberships as provided in this Chapter 2. Such transfers may be conducted by sale and purchase in accordance with Rules 2.14 through 2.16 or may be between Related Parties in accordance with Rules 2.15 and 2.16.

(B) A Member, who transfers ownership of all its Memberships, whether to one (1) or several buyers, will automatically and immediately cease to be a Member.

(C) A Clearing Member may not transfer its Clearing Membership without the approval of the Board, or its designee, in its absolute discretion.

(D) A Membership can only be transferred to a party that satisfies the Board that it meets the requirements of Membership in this Chapter 2.

2.14 Procedures for sale and purchase of Memberships

(A) All transfers of 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 Membership.

(C) Any Person desiring to buy a Membership may:

(1) agree with a Member a price for the sale and purchase of that Membership, as the case may be; or

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

(3) accept an offer for a Membership as published by the Membership Department.

(D) Any Member desiring to sell its Membership may:

(1) agree with another Person a price for the sale and purchase of that Membership;

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

(3) accept a bid for a Membership as published by the Membership Department.

(E) Any purchase or sale of a Membership shall be subject to the provisions of Rules 2.15 and 2.16.

2.15 Procedure for Transfer of Memberships

(A) If a Member desires to transfer ownership of a 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**). Where the Proposed Transferee is a Related Party, the Transferring Member should also include that fact in its Notice of Intention to Transfer. 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.

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

(1) the Board has issued a notice to Members confirming that the Membership(s) may be transferred and that the Proposed Transferee has been approved by the Board as a Member (if not already a Member);

(2) all dues, assessments, fines, penalties and any other monies due and payable to the Exchange by the Transferring Member have been paid;

(3) 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 the Notice of Intention to Transfer, have been settled or discharged by the Transferring Member and/or the Proposed Transferee, as the case may be; and

(4) 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.

2.16 Acquisition of Membership by the Proposed Transferee

(A) The Proposed Transferee shall take all the steps necessary to effect a transfer of the Membership, as the case may be, within fourteen (14) days after admission as a Member.

(B) If a Proposed Transferee does not comply with the requirements of this Rule, its admission to Membership, as the case may be, shall be void unless the time for compliance is extended by the Board in its absolute discretion.

2.17 Compliance with DFSA Rulebook

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

2.18 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, contractors and other representatives.

2.19 Fees

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

2.20 Notices required of Members

(A) Each Member shall give written notice to the Exchange of all changes in Member's key individuals provided in response to Rule 2.4 (A) (8).

(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.

2.21 Lawsuits brought against the Exchange

(A) For the purposes of this Rule:

(1) Claimant means any present or former Member or DEA Customer and any present or former employee, agent, director, officer or Affiliate thereof; and

(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.

(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 or wanton misconduct, 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, Settlement or Marker 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) except to the extent covered by Rule 6.29, 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.

(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 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 2.21 shall be viewed as legally separate and distinct from the other provisions contained herein and if any provision of this Rule 2.21 is held invalid, that provision shall not affect the legality and enforceability of any other provision.

2.22 Disputes between Members and/or DEA Customers

Any Member or DEA 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.

2.23 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.

2.24 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:

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

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

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, the Board may review the suitability of the Member for Membership. The Board may require the Member to 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.

2.25 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.

2.26 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.

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; and

(2) Appeal Committee;

(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.

3.3 Term of Committees

Unless otherwise provided in these Rules, members of any committee shall hold office 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 (1) 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, meetings of committees shall be held if deemed necessary 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 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 (1) 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 (3) 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 or DEA Customer, or their 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.

3.9 Disqualification

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

(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 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 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.

(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, 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;

(b) any decision by any of the bodies referred to in paragraph (A)(2)(a)(ii) of this Rule 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 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, or the Appeal Committee or any other Committee established under these Rules.

3.10 Conflicts of Interest

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

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 Options 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 and which shall not count for the purposes of calculating a member's Financial Interest in the proposed Significant Action;

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 4.25 and 4.26 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 DEA Customer.

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

(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, on-going 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 Options transactions through the same Clearing Member.

(C) The decision that any member of an Enforcement Committee or Oversight Panel is subject to this Rule 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).

(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, 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

(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) Upon completion of the disclosure required by paragraph (D)(1)(b) of this Rule 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, whether or not this paragraph (D) of this Rule 3.10applies to that member in relation to the proposed Significant Action.

(4) Where this paragraph (D) of this Rule applies by virtue of a decision made in accordance with paragraph (C) of this Rule, 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, 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.

(5) In any case where an issue arises as to whether this paragraph (D) of this Rule 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, 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.

(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 (1) of the relationships listed in paragraphs (B)(2)(a) to (d) of this Rule with a Named Party in Interest.

(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 with a Named Party in Interest.

(3) Upon completion of the disclosure required by paragraph (E)(1) of this Rule 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, whether or not this paragraph (E) of this Rule applies to that member in relation to the matter under consideration.

(4) Where this paragraph (E) of this Rule applies by virtue of a decision made in accordance with paragraph (C) of this Rule, or where a member of the Enforcement Committee or Oversight Panel refuses to make the disclosure required by this paragraph (E) of this Rule, 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.

(5) In any case where an issue arises as to whether this paragraph (E) of this Rule 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 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, 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.

(F) Participation in Deliberations

(1) Notwithstanding any other provision of this Rule, 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 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:

(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, 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.

(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, as to any member's ability to:

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

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

(i) 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; and

(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 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.

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 of any Member or of any 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. Any 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 to Member shall be read to mean a Member or DEA 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 or 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. Any 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 to Member shall be read to mean a Member or DEA Customer.

Chapter 4 Compliance and General Rules

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4.1 Requirement for Regulatory Status with the DFSA

Each Member shall be lawfully able, pursuant to DFSA Rules, to 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 Anti-Money Laundering

(A) Members and applicants for Membership must be able to demonstrate that they comply with the Applicable AML Requirements on an ongoing basis.

(B) Without limiting Rule 4.2 (A), Members must demonstrate to the satisfaction of the Exchange that they have a compliance program in place which addresses AML risks relevant to the size, nature and complexity of their business and that:

(1) gives consideration to all applicable requirements under UAE criminal law, as amended from time to time;

(2) gives consideration to the appointment of a Money Laundering Reporting Officer (MLRO) whose role and responsibilities are consistent with the requirements of the DFSA Rulebook;

(3) requires initial and ongoing Customer identification and due diligence, where applicable;

(4) requires internal and external reporting of suspicious transactions (taking into account the Applicable AML Requirements);

(5) requires the monitoring of transactions for AML purposes, where applicable;

(6) gives consideration to government and regulatory findings with regard to AML at an international level;

(7) requires risk based reviews of Customers and transactions, where applicable; and

(8) requires regular AML training for the employees of the Member.

4.3 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 4.3, 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.

(B) Each Member shall be able promptly to evidence the existence of the systems, controls and procedures required by paragraph (A) of this Rule 4.3 at the request of the Exchange.

(C) 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.

4.4 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 guilty 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, any other self-regulatory organisation or any other regulatory authority of any state, territory or foreign country;

(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 or not the reporting requirements under Section 6045 of the United States Internal Revenue Code 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 designee; and

(12) any further information in relation to regulatory and compliance matters as may be required by the CCO or designee.

(B) **[RESERVED]**

4.5 Reporting obligations: DFSA authorisation information

(A) Each Member shall immediately, but in all cases within less than ten (10) days, notify the CCO in writing where:

(1) there is a material change in the nature of the Member's activities on the Exchange;

(2) the Member no longer has the appropriate regulatory authorisation, recognition or other permission to conduct the type of activities which it conducts on the Exchange;

(3) the Member becomes, or ceases to be, subject to regulation by any other regulatory or self-regulatory organisation; and

(4) the Member changes its main regulator for the purposes of the activities it conducts on the Exchange or any other activities subject to these Rules.

(B) Each Member shall immediately, but in all cases within less than ten (10) days, notify the CCO in writing 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 immediately, but in all cases within less than ten (10) days, notify the CCO in writing 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 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, 4.2 and 4.3 in respect of any of its activities conducted on the Exchange.

(E) Any notice required to be given under this Rule shall, where required by the CCO, be certified by a firm of auditors, lawyers or some other Person acceptable to the Exchange.

4.6 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, an employee of the Exchange or any committee of the Exchange, are complete, fair and accurate.

4.7 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 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 Market Contract has been settled.

(D) All records required to be kept under this Rule 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.

4.8 Information gathering and inspections by the Exchange

(A) The CCO or 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 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 4.3.

(C) The CCO or designee shall be entitled at any time to inspect and take copies of:

(1) a Member's AML 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 4.8 is in the possession of a third party, the Member shall promptly ensure that the Exchange is given access to such documentation as if it were in the Member's or DEA Customer's possession.

(E) The CCO or designee may at any time visit the premises of any Member for the purpose of inspecting any of the matters referred to in Rules 4.2, 4.3, 4.4, 4.5 and paragraphs (B) and (C) of Rule 4.9, and the Member shall ensure that all cooperation is afforded to the CCO or designee.

(F) The CCO or 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, the CCO or 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 any 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.

4.9 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 of GEN and any guidance published by the DFSA 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.

4.10 Conduct and Trading Standards for Members

(A) **General Rules**. 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. No Member may make any order(s) or execute(s) any trade in an Exchange Contract which they know or reasonably should know would create a misleading impression of activity in the market or cause the Exchange or any Person to report misleading information as to the price or depth of the market in that Exchange Contract.

(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 enter buy and sell orders in the same Exchange Contract and expiration month, and for Options, at the same strike price, by direct or indirect means, where the Member knows or reasonably should know that:

(1) the purpose of the buy and sell orders is to avoid creating a bona fide market position exposed to market risk; and/or

(2) the same beneficial owner is on both sides of the orders.

For the avoidance of doubt, this Rule 4.10(C) shall also apply to situations where the order(s) are made or executed in different accounts with common beneficial ownership.

(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, in Chapter 6 or otherwise, 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) **Suitability of Customers**. No Member shall open an account for, or accept any order from, a Customer in respect of trading on the Exchange and no Member shall enter into any contract in the terms of an Exchange Contract with a Customer without conducting a suitability analysis which includes an assessment of the Customer's needs and objectives, financial situation, and to the extent relevant, risk tolerance, knowledge, experience and understanding of the risks involved, and any other relevant requirements and circumstances of which the Member ought to reasonably be aware..

(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) **Matching Trade.** 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.

(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. 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.

(N) **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 4.10 if it fails promptly to remedy the misallocation.

(O) **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.

(P) **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 its Clearing Member, the Exchange or the Clearing House.

(Q) **Attempts**. No Member shall attempt to commit any of the actions prohibited by this Rule.

(R) **Enabling**. No Member shall enable a 3rd party to commit any of the actions prohibited by this Rule or participate in the commission by another person (whether or not a Member) of any of the actions prohibited by this Rule.

4.11 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; or

(2) an employee, director or partner of a Member without the prior written consent of such Member and the CCO or 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.

4.12 Complaints against the Exchange regarding the performance of regulatory functions

(A) The Exchange will investigate and resolve complaints against it in accordance with Rule 5.10 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.

(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).

4.13 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 4.13, comply with the provisions of COB, whether or not the Member is an Authorised Firm.

4.14 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 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, each written agreement with a Customer must:

(1) import into every contract made with the Customer all the terms of these Rules insofar as they are applicable to that contract; and

(2) 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.

4.15 Customers with Direct Electronic Access

(A) A Clearing Member may permit a Customer who is not a Member to have Direct Electronic Access to the Trading Platform under that Clearing Member's guarantee (DEA Customer).

(B) Prior to providing Direct Electronic Access, a Clearing Member must have arrangements in place to ensure:

(1) the identity and suitability of each DEA Customer has been verified in accordance with Applicable AML Requirements;

(2) each DEA Customer has the necessary licenses and authorisations required to lawfully carry on the activities it intends to conduct on the Exchange;

(3) the name, contact details and User ID for each Authorised Terminal User of each DEA Customer has been recorded; and

(4) that consideration is given to the suitability criteria imposed on that DEA Customer including appropriate position and credit limits.

(C) Immediately upon providing Direct Electronic Access under this Rule the Clearing Member shall notify the Exchange if the DEA Customer 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. Any DEA Customer that is subject to such reporting requirements shall provide the Exchange with 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.

(D) Each DEA Customer shall be bound by these Rules and shall be responsible for the acts and omissions of their directors, officers, partners, employees and other representatives which are in breach of these Rules. Each DEA Customer may be subject to disciplinary action as a result of a breach of these Rules.

(E) The Exchange may request that the Clearing Member provide the Exchange with documentary evidence to demonstrate compliance with the requirements of this Rule.

4.16 Direct Electronic Access and Use of Omnibus Accounts

(A) Where a Clearing Member provides Direct Electronic Access to a Customer that operates an Omnibus Account with underlying clients, then each client within the Omnibus Account that has Direct Electronic Access shall be deemed to be a DEA Customer of that Clearing Member.

(B) A Clearing Member must maintain adequate arrangements to ensure compliance with Rule 4.15 in respect of each DEA Customer with access to the Trading Platform through an Omnibus Account.

4.17 Application of Rules to DEA Customers

(A) The provisions of Rule 4.3, Rules 4.6 to 4.14 and Rules 4.19 to 4.23 shall apply to each DEA Customer. In those Rules, reference to a Member shall be read to mean either a Member or a DEA Customer as the case may be.

(B) The provisions of Rule 2.6 shall apply to each DEA Customer and to their respective Clearing Members. For this purpose, reference in Rule 2.6 to a Member shall be read to mean either a Member or a DEA Customer as the case may be.

4.18 Clearing Member Obligations in Relation to Customers

(A) A Clearing Member is responsible to the Exchange and the Clearing House for any orders or trades entered or executed on the Exchange by its Customers, whether by Direct Electronic Access or otherwise. If any Customer of a Clearing Member violates the Rules, the Clearing Member holding the accounts through which the Rule violations occurred shall be liable to the Exchange for such violations.

(B) A Clearing Member must maintain adequate systems, controls and procedures in relation to the acceptance and on-going monitoring of its Customers to ensure that the Clearing Member and its Customers meet the Applicable AML Requirements.

(C) A Clearing Member must have adequate mechanisms to prevent Customers from placing or executing orders, by DEA or other means, in a manner that would exceed position or margin limits or otherwise violate these Rules.

(D) A Clearing Member must promptly provide the Exchange with any documents and information requested by the Exchange in relation to its Customers.

(E) Upon request of the Exchange, each Clearing Member shall be able to promptly evidence the existence and operation of the systems, controls and procedures required by this Rule.

4.19 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 DEA 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 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; and

(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 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.

4.20 Trade confirmations

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

4.21 Customer orders

(A) References in this Rule shall be read to mean Member or DEA Customer as the case may be.

(B) Members or Authorised Terminal Users shall be responsible for exercising due diligence in the execution of all executable Customer orders as of the time the order was entered on the Trading Platform.

(C) A Member or Authorised Terminal User must exercise reasonable care in the entry of Customer order information into the Trading Platform, and must 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 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 the Member, an account in which such Member has a proprietary interest, a discretionary account for an immediate family member of an Authorised Terminal User, or an account in which the Member or any employee of the Member has an interest, unless the Customer order has rested on the Trading Platform 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 6.22.

(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 Future, purchase any call Option, or sell 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 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 Future, 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 of this Rule 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 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 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.

4.22 Customer margin

Members shall ensure that they comply with the margin requirements imposed by the Clearing House.

4.23 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 (1) 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, the complainant is informed in writing of the outcome of the investigation.

(C) Each Member shall retain for at least six (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 shall be open to inspection by the Exchange upon the Exchange's demand.

(F) The requirements of paragraphs (A) to (E) of this Rule 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.

4.24 Rule Changes

(A) Subject to paragraph (E) of this Rule, 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 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 4.26 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.

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

4.25 Physical Emergencies

(A) For the purposes of this Rule and Rule 4.26, **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, 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 4.26 (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.

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

(A) Subject to paragraph (I) of this Rule, 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); and

(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, an **Emergency** may include, 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;

(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; and/or

(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.

(D) The Board will endeavour to give Members and DEA Customers prior notice of such Rule changes, but where this is not possible Members and DEA 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 (2/3) 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, may order suspension of trading for such period as in their or his judgment is necessary.

(H) Any action taken pursuant to this Rule will be subject to review and modification by the Board.

(I) Any proposed amendment, deletion or addition to the Rules pursuant to this Rule will not take effect until it has been approved by the DFSA.

4.27 Position Reporting

(A) Each Clearing Member shall report to the Exchange positions equal to or in excess of the levels set out in Rule 4.28. 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 4.28.

(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 or DEA Customer to file additional reports under this Rule to be compiled on the basis that, where any Person who holds, controls or has a significant financial interest in more than one (1) 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, and in particular the confidentiality obligations of Rule 2.25 shall apply to all such information.

4.28 Reporting Levels

The quantities for the purposes of filing a report under Rule 4.27 will be published by the Exchange from time to time, generally, on the Exchange's website.

4.29 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, action by the Board under paragraph (A) of this Rule may include:

(1) directing any Member or DEA 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 shall be deemed a breach of these Rules and punishable as a Major Offence.

4.30 Waivers and variations of Rules

(A) The Board or the CCO may, in accordance with paragraph (B) of this Rule, grant to a Member (or applicant for Membership) or to any DEA 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) or DEA 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.

(D) The Board shall publish any waiver, variation or grant of time under paragraph (A) of this Rule unless the Board considers it inappropriate or unnecessary to do so.

4.31 Billing and commissions

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

4.32 Payment of gratuity to employees of others

No Member or DEA Customer or employee or agent thereof shall directly or indirectly pay or offer any gift or gratuity in excess of one thousand dirhams (AED 1000) to any employee of another Member or DEA Customer or to an employee of the Exchange or of the Clearing House, unless express written consent is obtained in advance from the employer of such employee.

Chapter 5 Arbitration Rules

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5.1 Definitions and scope of these Arbitration Rules

(A) In this Chapter 5 of these Rules, the term Member shall be read to mean a Member or DEA Customer as the case may be.

(B) These Arbitration Rules govern the resolution of all disputes, claims, grievances and controversies:

(1) between Members and DEA Customers;

(2) between a Member or DEA Customer and its employee(s); and

(3) between a Member or DEA Customer and its Customer,

other than those that are subject to Chapter 7 (Disciplinary Rules).

(C) These Arbitration Rules shall not apply to any issue for resolution falling within the provisions of Rule 10.19.

5.2 Non-waiver of Exchange objects and purposes

The submission of any matter to arbitration under these Arbitration Rules shall in no way limit or preclude any right, action or determination by the Exchange which it would otherwise be authorised to adopt, administer or enforce.

5.3 Mandatory submission to arbitration

(A) Disputes between Members

Any dispute, claim, grievance or controversy between or among Members and employees of Members (including Members or employees of Members who were Members or employees of Members at the time such dispute, claim, grievance or controversy arose) wholly or partially arising, directly or indirectly, out of, in connection with or as a result of:

(1) any transaction executed on the Exchange (including EFRPs); or

(2) the business of such Member on the Exchange;

shall be finally settled by arbitration under these Arbitration Rules.

(B) Disputes between Members and Customers

Any dispute, claim, grievance or controversy between a Customer and a Member or between a Customer and an employee of a Member that arises wholly or partially, directly or indirectly, out of, in connection with or as a result of any transaction under or subject to these Rules shall be finally settled by arbitration under these Arbitration Rules, as provided by an enforceable written agreement, or upon the written demand of the Customer to which demand the Member or employee of a Member, as the case may be, is required to submit under these Arbitration Rules.

5.4 Non-mandatory submission to arbitration

Any dispute, claim, grievance or controversy other than as defined in paragraphs (A) and (B) of Rule 5.3 between any of a Member, employee of a Member or Customer may be settled finally by arbitration under these Arbitration Rules as provided by an enforceable agreement to arbitrate under these Arbitration Rules or an enforceable written agreement to submit to arbitration under these Arbitration Rules, provided that the arbitrators shall have the right to decline to use these Arbitration Rules where, having due regard to the purposes of the Exchange, they are of the view that such dispute, claim, grievance or controversy is not a proper subject matter for arbitration under these Arbitration Rules.

5.5 Seat and language of the arbitration

The seat of any arbitration proceedings under these Arbitration Rules shall be London, England and such proceedings shall be subject to the Arbitration Act 1996. Hearings in such arbitration proceedings shall take place in Dubai, UAE or in such other place as all parties to the proceedings and the arbitrators may agree. The language of the proceedings shall be English.

5.6 Start of arbitration proceedings

(A) Arbitration proceedings under these Arbitration Rules shall be started as follows:

(1) Statement of Claim

(a) The party or parties desiring to submit a matter to arbitration (the **Claimant**) shall file with the Compliance Department three (3) copies of a statement of

claim (**Statement of Claim**) setting out a concise description of the claim, dispute, grievance or controversy and the name and address of the Persons from whom relief is sought (the **Respondent(s)**), together with any documents and names of witnesses. The Statement of Claim shall also identify the arbitrator whom the Claimant wishes to nominate, specify the relevant facts, the remedies sought (including the method of the party's damage computation) and the basis upon which relief is sought.

(b) The Compliance Department shall promptly send the Statement of Claim to the Respondent(s).

(2) Answer and Counterclaims

(a) Each Respondent shall, within twenty (20) days from receipt of the Statement of Claim, file an answer (**Answer**) and any counterclaim (**Counterclaim**) with the Compliance Department.

(b) The Answer shall respond to each of the allegations in, and set out all available defences to, the Statement of Claim and may set out any related Counterclaim the Respondent may have against the Claimant. Each Respondent shall also attach to the Answer any relevant documents and include the names of any witnesses.

(c) The Compliance Department shall promptly send a copy of the Answer and any Counterclaim to the Claimant.

(d) Any Counterclaim of a Member Respondent against a Customer Claimant may be brought only if the Counterclaim arises out of the transaction or occurrence which is the subject of the Customer's dispute, claim, grievance or controversy and does not require for adjudication the presence of essential witnesses or third Persons whose presence at the arbitration hearing cannot be compelled by the arbitral tribunal (the **Tribunal**) or the Exchange.

(e) Other Counterclaims are permissible where the Customer agrees to the submission to arbitration after the Counterclaim has arisen and if the aggregate monetary value of the claim is capable of calculation.

(3) Reply

(a) Within ten (10) days of an Answer asserting a Counterclaim, a Claimant shall file a reply to any counterclaim (**Reply**) with the Compliance Department.

(b) The Compliance Department shall promptly send a copy of the Reply to the Respondent(s).

(4) The Compliance Department shall provide the Tribunal with a full set of the pleadings as soon as the Tribunal has been constituted.

(5) The time period to file any document may be extended for such further period as may be granted by the CCO or, once the Tribunal has been constituted, by the Tribunal upon the written request of the party seeking the extension.

(B) Attendance at hearings

The attendance or presence of any Person at hearings including witnesses shall be determined by the Tribunal. However, all parties to the arbitration and their counsel shall be entitled to attend all hearings.

(C) Joinder and consolidation of disputes between Members

(1) In disputes between Members, any party shall have the right to proceed in the same arbitration against any other party upon any claim directly related to such dispute.

(2) By virtue of these Arbitration Rules, Members are deemed to agree that:

(a) they may be joined as parties in existing arbitration proceedings; and

(b) any separate claims concerning directly related issues may be consolidated into one (1) set of arbitration proceedings under these Arbitration Rules with the Tribunal first appointed taking over as the Tribunal for the consolidated proceedings.

(D) Service of papers

(1) Service of all papers by either the parties or the Compliance Department, including the initial pleadings, disclosure requests and responses and any other materials relating to a claim, may be effected by fax or by use of a generally recognised overnight delivery service.

(2) In the case of service on a party, this will be to the party's last known address on record with the Exchange (or his agent for service of process, if any)

(3) All time periods set out in these Arbitration Rules within which a party must respond shall commence:

(a) for service by fax, on the date on which the fax is sent; or

(b) for service by overnight delivery service, two (2) days after the papers have been received by the overnight delivery service.

5.7 Appointment of arbitrators

(A) Disputes between Members

(1) In all arbitration proceedings between or among Members and/or employees of Members, the Tribunal shall consist of two (2) party-appointed arbitrators and a chairman. The party-appointed arbitrators shall be directors, officers, partners or employees of Members. The chairman shall be a lawyer of at least ten (10) years standing and shall be nominated jointly by the two party-appointed arbitrators.

(2) The Claimant shall identify his party-appointed arbitrator in the Statement of Claim.

(3) The Respondent shall notify the Claimant and the Compliance Department of the identity of his party-appointed arbitrator in writing within ten (10) days of receipt of the Statement of Claim.

(4) The two (2) party-appointed arbitrators shall nominate the chairman within ten (10) days thereafter.

(5) The Chairman of the Bar Council of England and Wales is designated as appointing authority to appoint arbitrators to the Tribunal in the event of:

(a) failure by a party to appoint an arbitrator, in which case the Chairman of the Bar Council of England and Wales shall, in consultation with the CCO, appoint a director, officer, partner or employee of a Member, as an arbitrator; and/or

(b) failure by the two (2) party-appointed arbitrators to nominate a chairman, in which case the Chairman of the Bar Council of England and Wales shall appoint a chairman being a lawyer of at least 10 (ten) years standing.

(6) Where there are more than two (2) parties to the arbitration proceedings, the Chairman of the Bar Council of England and Wales shall appoint all three (3) arbitrators, being two (2) directors, officers, partners or employees of Members and a Chairman who is a lawyer of at least 10 (ten) years standing, within fifteen (15) days of the written request of any party.

(B) Disputes between Members and Customers

Except where the sum claimed is less than three thousand dollars ($3,000), in which case Rule 5.12 shall apply, in all arbitration proceedings in which a Customer is a party, the procedure at paragraph (A) of this Rule applies, except that the party-appointed arbitrators need not be members of, or associated with a member of, any commodities exchange.

5.8 Arbitrator disclosure and requests for disqualification of arbitrators

(A) Upon his nomination, each arbitrator shall disclose to the CCO any direct or indirect financial or personal interest in the outcome of the arbitration and any existing or past professional, family or social relationships or associations with any party, counsel, expert or any potential witness, which are likely to affect such arbitrator's impartiality or might reasonably create an appearance of partiality or bias.

(B) The CCO shall immediately inform all parties of any such disclosures and may, at the request of a party and for good cause shown, disqualify an arbitrator. In making such a determination the CCO shall refer to and be guided by the International Bar Association's Guidelines on Conflicts of Interest in International Arbitration (the **IBA Guidelines**), as well as the Exchange's own Ethics Guidelines.

(C) Any party may submit to the CCO, with a notice and copy to the opposing party, a request to disqualify an arbitrator. The request shall specify the facts and circumstances that the party believes are likely to affect the arbitrator's impartiality, and will be resolved as follows:

(1) Within five (5) days of receiving notice of the request, the non-requesting party shall respond to the request to disqualify by informing the CCO and the requesting party of its consent or opposition to the request.

(2) Where the non-requesting party consents to the request, the arbitrator shall be removed from the Tribunal and a substitute appointment, if any, shall be made in accordance with Rule 5.9.

(3) If the non-requesting party opposes the removal of the arbitrator or fails to respond, the CCO shall rule on the request in accordance with the IBA Guidelines and Conflicts provisions in the Exchange's Ethics Guidelines.

5.9 Disqualification or other disability of arbitrators

(A) If any arbitrator, after the start of the arbitration but before an award is made, becomes disqualified, resigns, dies, refuses or is unable to perform or discharge his duties, the CCO, upon such proof as he deems satisfactory, shall make a ruling setting the grounds for the replacement of the arbitrator, which shall be promptly notified to the parties.

(B) Thereafter the Chairman of the Bar Council of England and Wales shall, in compliance with the provisions in Rule 5.7 and in consultation with the CCO, appoint a new arbitrator within ten (10) days of the written request of any party.

5.10 Hearing Requirement: waiver of hearing

(A) Subject to Rule 5.12 a hearing shall take place in every arbitration proceedings under these Arbitration Rules, unless all parties waive such hearing in writing and request that the matter be resolved solely upon the pleadings provided for in Rule 5.6 and any documentary evidence which any of the parties wishes the Tribunal to take into account.

(B) Notwithstanding a written waiver of a hearing by the parties, the Tribunal may by decision of a majority of the arbitrators decide to call for and conduct a hearing.

5.11 Designation of time and place of hearings

The time and place of all hearings shall be determined by the Tribunal, taking into account the views of the parties.

5.12 Procedure for claims of less than three thousand dollars ($3,000)

(A) Any dispute, claim, grievance or controversy involving an amount not exceeding three thousand dollars ($3,000) in the aggregate, exclusive of costs and interest, shall be decided by a single arbitrator on documents only, unless the arbitrator deems it necessary that a hearing should take place.

(B) The single arbitrator shall be appointed by the Chairman of the Bar Council of England and Wales within ten (10) days of receipt of a written request by any party.

(C) The single arbitrator shall not be a member of, or associated with a member of, any commodities exchange.

(D) Reference in these Arbitrations Rules to "the Tribunal" shall include a single arbitrator appointed under this Rule, unless the context otherwise requires.

5.13 Time limitation

No dispute, claim, grievance or controversy shall be eligible for submission to arbitration under these Arbitration Rules in any instance where two (2) years have elapsed from the occurrence or event giving rise to the dispute, claim, grievance or controversy.

5.14 Interruption of time limitation

Any limitation which would otherwise run or accrue for the institution of legal proceedings shall be interrupted upon the filing of the Statement of Claim concerning the dispute, claim, grievance or controversy submitted to arbitration.

5.15 Withdrawal of proceedings

(A) A Statement of Claim may be withdrawn at any time prior to the filing of the Answer. Thereafter the Statement of Claim may only be withdrawn with the consent and mutual agreement of all parties submitted in writing to the Tribunal.

(B) The Tribunal has discretion to award costs as a result of the withdrawal of the Statement of Claim.

5.16 Settlement

(A) The Tribunal, at the request of the parties, may set out the terms of any mutually agreed settlement in an award.

(B) A consent award shall have the same status and effect as any other award on the merits of the case.

(C) A consent award shall also have the effect of terminating the arbitration proceedings.

5.17 Legal representation

(A) A party is not required to have legal representation in any arbitration proceeding. However, any party has the right to be legally represented and may avail themselves of this right at any stage of the arbitration at their own expense.

(B) Any party who wishes to be legally represented shall so notify and provide the Compliance Department with such legal representative's name and address by written notice to the Compliance Department and the other party or parties.

(C) Upon receipt of notification that a party is to be legally represented, the Compliance Department and the other parties shall serve papers in the proceeding solely upon such party's legal representative.

5.18 Failure to appear or to progress the arbitration

(A) If the Claimant, after due notice, fails to appear at a pre-hearing conference or at a hearing or otherwise to progress the arbitration in an expeditious manner, the Tribunal may dismiss the claim and make an award on costs.

(B) If the Respondent, after due notice, fails to appear at a pre-hearing conference or at a hearing or otherwise to progress the arbitration in an expeditious manner, the Tribunal may, in its discretion, proceed with the arbitration proceedings.

(C) In a case to which paragraphs (A) or (B) of this Rule apply, all decisions shall be rendered as if each party had entered an appearance at the hearing.

(D) In a case to which paragraph (B) of this Rule applies:

(1) an award shall not be made in the Claimant's favour solely because of the Respondent's default, unless the Claimant has submitted such evidence and presented such arguments in support of the Statement of Claim as the arbitrators deem necessary to issue an award;

(2) an award rendered against the Respondent shall not become effective, and the compliance provision contained in paragraph (J) of Rule 5.33 shall not operate, until thirty (30) days from the date the award is delivered to the Respondent in accordance with paragraph (E) of Rule 5.33;

(3) during the thirty (30) day period following the issue of an award, the Respondent may submit to the arbitrators a written request to present evidence and arguments in opposition to the Statement of Claim. The Respondent must demonstrate good cause for post-hearing submissions by clear and convincing evidence that gross injustice and extreme hardship would result from denial of the request; and

(4) admittance of the Respondent's evidence and arguments, if permitted, shall be upon such terms and conditions as the Tribunal may direct.

5.19 Adjournments

(A) The Tribunal may, in their discretion, adjourn any hearing either upon their own initiative or upon the request of any party to the arbitration.

(B) The chairman of the Tribunal is authorised to act on the Tribunal's behalf in responding to requests for an adjournment.

(C) When a party requests and is granted an adjournment, the chairman may assess such fees as may be reasonable after giving due consideration to the reason for the adjournment and the number of prior adjournments, if any, which have been granted to the requesting party. In no event shall the fees exceed two hundred and fifty dollars ($250) for each adjournment.

5.20 Disclosure of documents

(A) Informal Document and Information Requests

(1) The parties shall cooperate at all times in the voluntary exchange of documents and information concerning the issues raised in the arbitration proceedings.

(2) Additionally, a party may request from the Compliance Department copies of non-confidential documents that are relevant to the proceeding. Such requests shall be submitted to the Compliance Department, which shall provide copies of the request, and any documents produced, to the other party.

(B) Formal Document and Information Requests

(1) Each party may serve upon any other party a written request for relevant documents and information twenty (20) days following service of the Statement of Claim, or at the time of service of the Answer, whichever occurs earlier.

(2) The party upon whom the request is served shall have twenty (20) days following such service to respond.

(3) Any objections to the request must be served within ten (10) days following receipt of the request.

(4) The requesting party may respond to any such objections within ten (10) days following service.

(5) The parties shall provide the Tribunal with copies of all disclosure requests, objections and responses.

(6) The Tribunal shall rule on all objections to, and resolve all disputes arising out of, requests for disclosure. The chairman of the Tribunal may grant such extensions of time to respond to disclosure requests as do not interfere with the scheduling of a hearing date.

(7) At the election of the chairman, the Tribunal may resolve disputes concerning disclosure on the written submissions of the parties, or at a pre-hearing conference.

(C) Failure to Produce

A party who unreasonably and unjustifiably withholds or delays production of documents or information may be precluded from introducing or relying upon such documents and information at the hearing and the Tribunal shall be free to draw any adverse inferences which it considers appropriate.

5.21 Pre-hearing conference and procedural timetable

(A) In appropriate cases, the chairman of the Tribunal may call a pre-hearing conference to resolve objections to jurisdiction or disclosure of documents, resolve scheduling matters, facilitate the preparation of a procedural timetable and address any other matter for the purpose of expediting the hearing.

(B) The procedural timetable shall include such matters as the Tribunal and the parties require, including, where appropriate, a summary of the issues in dispute, a list of facts and documents

on which the parties agree, and a list of the witnesses and documents on which the parties intend to rely at the hearing.

(C) If necessary, the parties shall make written submissions to the Tribunal addressing legal and factual questions relating to the dispute.

(D) The Tribunal may, in its discretion, permit the pre-hearing conference to be conducted by telephone or by video link.

5.22 Pre-hearing evidence submission

(A) At least five (5) days prior to the hearing date, all parties shall provide the Tribunal, the Compliance Department and all other parties with copies of the documents they intend to use at the hearing and the names of all witnesses who may testify on their behalf at the hearing.

(B) Where the Tribunal has directed that the parties prepare a procedural timetable, the parties shall provide the Compliance Department with a copy of such timetable, at least five (5) days prior to the hearing date.

(C) The Tribunal may preclude a party from using documents or presenting witnesses if not provided and identified in accordance with paragraph (A) of this Rule.

5.23 Power to order Member appearances

(A) The Tribunal, at the request of any party, shall be empowered to order the appearance of any Member or any Person employed by or associated with any Member who is not a party to the arbitration or to order the production of any records in the possession or control of such Persons.

(B) Unless the Tribunal orders otherwise, the party requesting the appearance of a Person or the production of documents under paragraph (A) of this Rule shall bear all reasonable costs of such appearance or production.

(C) The Tribunal may also of its own initiative order the appearance of any Member or any Person employed by or associated with any Member or the production of any records in the possession or control of such Person or Member. The costs of such appearance or production shall be treated as arbitration costs for the purpose of Rule 5.33(C)(1).

(D) By virtue of these Arbitration Rules, Members agree fully to comply with the Tribunal's orders concerning appearances and production of documents.

5.24 Evidence

(A) The Tribunal shall in its discretion determine the materiality, weight and relevance of any evidence and shall not be bound by formal rules governing the admissibility of evidence.

(B) The Tribunal may, for good cause shown by the requesting party, and subject to objections by any opposing party, review and consider evidence of witnesses by sworn statement. Such sworn statements shall receive only such weight as the Tribunal deems them entitled.

(C) In its discretion, and subject to whatever conditions may be necessary and appropriate, the Tribunal may permit parties and witnesses to participate in an oral hearing by telephone or video link.

5.25 Conduct of hearings

(A) The hearing shall formally begin by the chairman recording the place, time and date of the hearing, the presence of the Tribunal and parties and their legal representatives, if any, and by the introduction of the Statement of Claim and other pleadings, if any.

(B) Subject to the parties' agreement as set out in the procedural timetable, the Claimant shall then present its claim and evidence and its witnesses, who shall submit to questions or other examination, including cross-examination by any other party (or its legal representatives) and the Tribunal.

(C) The Respondent shall then present its defence and counterclaim (if any) and evidence and its witnesses, who shall also submit to questions or other examination, including cross-examination by any other party (or its legal representatives) and the Tribunal.

(D) The Tribunal shall give the parties equal opportunity to present their case.

(E) Exhibits, when offered by either party, may be received in evidence by the Tribunal.

(F) The names and addresses of all witnesses and exhibits in the order received shall be made a part of the record.

(G) *Ex parte* contacts regarding the arbitration proceeding by the parties or the parties' representatives with any member of the Tribunal are prohibited.

5.26 Interpretation of these Arbitration Rules

The Tribunal shall be empowered to interpret and determine the applicability of all provisions of these Arbitration Rules and their interpretation shall be final and binding upon the parties.

5.27 Determination of arbitrators

Except where the chairman is authorised to make a ruling or determination on behalf of the Tribunal, all orders, awards, partial or interim awards, rulings and determinations of the Tribunal shall be made by a majority of the arbitrators.

5.28 Record of proceedings

(A) Unless requested in writing ten (10) days prior to the first hearing date by the Tribunal or a party or parties to a dispute, no record of an arbitration proceeding is required to be kept.

(B) If a record is kept, it shall be a verbatim record.

(C) If a party or parties to a dispute elect(s) to have the record transcribed, the cost of such transcription shall be borne by the party or parties making the election, who shall also bear the cost of a transcription of the record for the arbitrators.

5.29 Oaths of witnesses

(A) Prior to the commencement of the first session, an oath or affirmation shall be administered to the witnesses.

(B) All testimony shall be under oath or affirmation.

5.30 Amendments

A party wishing to amend a pleading may only do so with the consent of the Tribunal and upon such terms and conditions as it may direct.

5.31 Closing of hearings

(A) The Tribunal shall inquire specifically of each party whether it has any further evidence to offer or witnesses to present. Upon receiving negative replies from all parties, the Tribunal shall declare the hearings to be closed.

(B) If post-hearing briefs or other memoranda are to be filed, the hearing is to be declared closed as of the final date set by the Tribunal for receipt of such briefs or memoranda.

(C) The time limit within which the Tribunal is required to make an award shall begin to run, unless otherwise agreed by the parties, upon such declaration of the closing of the hearing.

(D) The conclusion of hearings, and the closing of the record, shall be subject to the provisions relating to the failure of a party to appear at a hearing contained in Rule 5.18.

5.32 Reopening of hearings

(A) Where permitted by applicable law, the hearings may be reopened by the Tribunal of their own motion or at their discretion upon application of a party at any time before the award is issued by the Tribunal.

(B) A party wishing to reopen a hearing shall provide the Compliance Department and the Tribunal with a written basis for such request and shall notify the Compliance Department that such party will appear at any subsequent hearing.

5.33 Awards

(A) All awards shall:

(1) be in writing in English;

(2) state the seat and the date of the award;

(3) be signed by at least a majority of the arbitrators or in such manner as is required by law;

(4) if not signed by all of the arbitrators, state the reason for the omitted signature; and

(5) contain reasons, unless they are consent awards or the parties have agreed that no reasons are to be given.

(B) Awards may be entered as a judgment in any court of competent jurisdiction.

(C) In addition to damages and other relief, the Tribunal may:

(1) assess the arbitration fees, expenses and costs associated with the arbitration against the losing party; and

(2) assess against a party all or any portion of the reasonable legal fees incurred by any other party, provided that it may do so only upon a finding that such other party put forward a frivolous claim, defence or counterclaim, or acted in bad faith during the course of the arbitration.

(D) All awards made pursuant to these Arbitration Rules shall be final and not subject to review or appeal, except as provided by applicable law.

(E) The Compliance Department shall deliver a copy of the award by registered or certified mail or by overnight courier upon all parties and their legal representatives at the address of record.

(F) Within ten (10) days of service of the award, a party may make a written request to the Tribunal to modify or correct an award if:

(1) there was a miscalculation of figures or mistake in the description of any Person, thing or property referred to in the award;

(2) the Tribunal have awarded upon a matter not submitted to them and the merits of the decision upon the issues properly before the Tribunal will not be affected by correcting the award; or

(3) the award fails to satisfy the formal requirements of paragraph (A) of this Rule.

(G) The Compliance Department shall promptly furnish to all parties a copy of the request for modification. Any objection to a request for modification of an award must be submitted in writing to the Tribunal within five (5) days of receipt of such request.

(H) In the event that an award is issued against a Member in the amount of five thousand dollars ($5,000) or more, the CCO will review the award if, in his discretion, investigative review is warranted.

(I) The award shall be issued within thirty (30) days from the date the record is closed.

(J) A Member or employee of a Member must comply with an award or pay the full amount awarded against the Member or employee of a Member to the Exchange as escrow agent pending a good faith consideration of appeal rights within ten (10) days receipt of the award. Failure to comply with this paragraph (J) of this Rule shall be a violation of the Rules and shall be grounds for automatic suspension from all rights and privileges of Membership and/or access to the Trading Platform until the arbitration award is paid in full or is otherwise satisfied.

(K) Subject to paragraph (L) of this Rule, any award amount held in escrow with the Exchange, plus accrued interest, shall be released to the prevailing party as soon as practicable and no later than ninety (90) days after notice of the award is issued.

(L) If a timely application to vacate, modify or correct the award has been filed with a court of competent jurisdiction, the Exchange shall hold the amount in escrow and disburse such amount, together with accrued interest, upon the entry of, and in accordance with, a final order disposing of the application. Any party who, having paid an award amount in escrow, thereafter decides not to file an appeal, shall immediately notify the Exchange, which shall then release the amount in escrow, with accrued interest.

(M) A party to an arbitration shall notify the Compliance Department forthwith if that party learns that judicial review of the proceedings is being sought by any party.

5.34 Schedule of fees

(A) At the time of filing a Statement of Claim, a Claimant shall pay to the Compliance Department a fee in the amount indicated below:

Amount in Dispute (exclusive of interest and expenses)	**Deposit**
$5,000 or less	3% (minimum of $100)
Above $5,000 but less than $10,000	$150 plus 2% of excess over $5,000
$10,000 or more but less than $100,000	$250 plus 1% of excess over $10,000
$100,000 or more	$1,150 plus 0.5% of excess over $100,000

(B) If the dispute, claim, grievance or controversy does not involve a money claim or involves a claim for money but such claim is not capable of exact determination, the amount to be paid by the Claimant shall be one hundred dollars ($100) or such other amount as the Exchange may require, but shall not exceed five hundred and fifty dollars ($550).

(C) At the time any claim for money is determined, the Claimant shall pay the fee provided in paragraph (A) of this Rule less the amount already deposited.

(D) Any matter submitted and thereafter settled or withdrawn may be subject to a refund of all but twenty five dollars ($25) of fees deposited with, and not expended by, the Compliance Department in relation to that arbitration.

5.35 Privacy and confidentiality of the proceedings

(A) Any arbitration proceedings to which these Arbitration Rules apply, including the pleadings, documents, hearings and any correspondence or communications associated therewith, shall be treated by the parties, the arbitrators and the Exchange as private and confidential unless they are required by law to divulge information or paragraph (H) of Rule 5.33 applies.

(B) At no time while serving on a Tribunal, or following the closing of the proceedings, shall an arbitrator publicly discuss or reveal or engage in any conversation that he knows or reasonably should know will lead to the public disclosure of any information regarding the conduct of the arbitration, the evidence and testimony submitted during the hearing or the Tribunal's deliberation, unless required to do so by law.

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, DEA 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 Global Command Center

(A) **Customer Support**

The CME Global Command Center (the **GCC**) provides customer support and problem management only to Members and DEA 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 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 6.29. 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. In the event that the GCC and an Exchange system, service or facility provide conflicting information relating to an order status, a person may only reasonably rely on the information received from 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) Any liability for the Exchange for incorrect order status shall be subject to Rule 6.29.

6.3 Rights and access to the Trading Platform

(A) No Person shall be allowed access to the Trading Platform without a unique User ID that has been assigned to that Person and in no event shall a Member or DEA Customer allow any Person to access the Trading Platform unless that Person is using their own unique User ID.

(B) Each Member and DEA Customer shall be responsible for all activity resulting from the use of a Password and/or User ID which has been assigned to an Authorised Terminal User of that respective Member or DEA Customer. Each Member and DEA Customer shall take such steps as are necessary to prohibit unauthorised use of a Password and/or User ID.

(C) No Member or DEA Customer may enter an order, or permit entry of an order onto the Trading Platform under a Password and/or User ID other than by the Person to whom that Password and/or User ID has been assigned by its Clearing Member.

(D) A Person who has been assigned a Password and/or User ID must not disclose that Password and/or User ID to any other Person or knowingly permit the use of that Password and/or User ID by any other Person.

(E) Each Member or DEA 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.

(F) No Member or DEA 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 data and including trademarks, service marks, copyrights and all other intellectual property rights) thereon. Members and DEA 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 and DEA 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 and DEA 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.

(G) DME grants each Member and DEA 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 and DEA Customer to post bids and offers on the Trading Platform).

(H) No Member, DEA 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;

(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 or DEA 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.

(I) Members and DEA 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 and DEA 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 or DEA Customer, as the case may be.

(J) 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 DEA 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.

(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, DEA 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 or DEA 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 the Rules or regulations of the Exchange, DFSA or DIFC or any other jurisdiction, or if such Member or DEA Customer fails to cooperate in any investigation.

(D) If a Clearing Member has actual or constructive notice of a violation of the Rules or regulations of the Exchange, DFSA, DIFC or any other jurisdiction in connection with the use of the Trading Platform by the Member or DEA 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 or DEA 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 or DEA 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 or DEA 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 4.25 and 4.26, 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 each Exchange Contract on the Exchange and all such trading shall take place within those prescribed hours.

6.7 Standard forms of orders

Each Member and DEA Customer shall ensure that:

(1) it agrees with any Customer placing an order with the Member or DEA Customer in relation to an Exchange Contract how that order should be treated;

(2) such treatment is supported by the facilities of the Member or DEA 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 or DEA Customer to input the details for the order required by Rule 6.9.

6.8 Scope of trading privileges

(A) An Authorised Terminal User may enter orders on the Exchange only for an account of the Member or DEA Customer that has registered him as one (1) of its Authorised Terminal Users and for the account of any Customers of that Member or DEA Customer.

(B) Members or DEA Customers who may trade for or on behalf of a Customer may enter "bunched orders" only in accordance with Rule 6.14.

(C) Only a Person with trading discretion over multiple accounts may place an order with a Member or DEA Customer to be allocated after execution.

6.9 Acceptance of orders for entry into the Trading Platform

(A) A Member, DEA 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 or DEA 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 or DEA Customer receives an order from a Customer, or decides to enter a Discretionary Order permitted under Rule 4.21(J), that Member or DEA 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 or DEA Customer executes a transaction, that Member or DEA 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 or DEA Customer passes a Customer order to another Person for execution, that Member or DEA 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 6.14) or any other order known to be an order for multiple accounts to be allocated after execution, the account number of the Member or DEA Customer, followed by the suffix "999", shall be entered in satisfaction of paragraph (A)(4) of this Rule 6.9. The Member or DEA 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.

6.10 General requirements for orders entered into the Trading Platform

(A) Each Member or DEA 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, automated or manual indicator (TAG 1028) and account number (except as provided in Rule 6.14) and, for Options, put or call and strike price. The User ID must be present on each order entered. For a Member or DEA Customer with access pursuant to Rule 6.3, Clearing Members authorising such access to the Trading Platform will be responsible for the Member or DEA Customer's compliance with this Rule 6.10(A).

(B) With respect to orders received by a Member or DEA 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 or DEA Customer receives an order which cannot be immediately entered into the Trading Platform, the Member or DEA Customer must prepare a written order and include the account designation, date, time of receipt and other information required pursuant

to Rule 6.10(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 2.26.

(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 one hundredth ($1/100^{th}$) 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, automated or manual indicator (TAG 1028), 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 6.10(C).

6.11 Disclosing orders prohibited

No Member or DEA 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 2.26, and no Person shall solicit or induce another Person to disclose order information. No Member or DEA 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.

6.12 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)).

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

(A) Members and DEA Customers with direct access to the Trading Platform (in this Rule, **Trading Platform Users**) shall report to the Exchange through the mechanism provided 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 or DEA Customer, it shall designate that trade (and any relevant orders) as **CTI 2** (unless the executing Member or DEA 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 or DEA 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.

6.14 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 6.14(A) above;

(2) allocation of the executions for the bunched orders must be fair and equitable; and

(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. Such transmission shall be maintained by the Clearing Member along with the bunched order.

(C) Before entering bunched orders directly into the Trading Platform pursuant to paragraph (B) of this Rule 6.14, a Member (if it is not a Clearing Member) or DEA 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.

6.15 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 or DEA Customer with discretion over both accounts may be entered into the Trading Platform provided that one (1) order is exposed on the Trading Platform 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. Unless entered immediately upon receipt, orders allowing for time and price discretion may not be entered by the same Member or DEA Customer where the Member or DEA Customer knows or reasonably should know that the order is opposite another order entered by that same Member or DEA Customer except where the prior order has been exposed on the Trading Platform 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. For the avoidance of doubt, any amendment or revision to a prior order shall be treated as a new order for the purposes of this Rule.

6.16 Errors and omissions in handling orders

(A) **Trade Errors**

(1) If a Member or DEA 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 or DEA Customer shall take one (1) 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 or DEA 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 6.16, where applicable; or

(c) notwithstanding any Rules 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 or DEA Customer discovers the error after the close of such market, the Member or DEA Customer may assign the opposite side of the order to that Member or DEA 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.

(2) 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 6.16 shall be within the trading range of the current Trading Day that has been reported to the Exchange.

(B) **Procedures**

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

(1) within fifteen (15) minutes of the resolution of a Trade Error, the Member or DEA Customer must report to the Clearing House the details of the transactions made under this Rule 6.16 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 or DEA 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.

(C) **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 or DEA 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 or DEA Customer shall report full details of all transactions made under this Rule 6.16(C) to the Clearing House;

(b) the Misexecution, as well as the liquidating trade, must be placed in either the Member or DEA 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.

(D) Except as otherwise provided in this Rule, a Member or DEA Customer shall not change the terms of a trade to correct a Trade Error.

(E) Nothing in this Rule 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, DEA 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.

6.17 Trade Cancellations And Price Adjustments

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

The Exchange, in consultation with GCC, will establish the **Trade Cancellation Policy**, which defines the parameters within which a trade may be cancelled or price adjusted pursuant to this Rule. 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 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 (bust) trades where, in its absolute and sole discretion, the GCC believes 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. In addition, the GCC may, in its absolute and sole discretion, adjust trade prices or cancel any trade if it believes that allowing the trade(s) to stand as executed may have a material, adverse effect on the integrity of the market. All decisions of the GCC shall be considered final and any liability of the Exchange for price adjustments or trade cancellations by the GCC under this Rule, including, but not limited to, liability that may arise to persons suffering losses due to stop or spread losses that were resting in the market and executed prior to the actions of the GCC, will be strictly subject to the limitations and conditions of Rule 6.29.

(B) **Review of Trades**

The GCC may determine to review a trade based on its independent analysis of market activity or upon request by a Member, or other party to the trade. A request for review must be made to the GCC via telephone within eight (8) minutes of the execution of the trade (the **Reviewed Trade**). Any other form of communication with the GCC will not constitute a request for review as set forth in this Rule. GCC phone numbers are available on the CME Group Website.

The GCC shall determine whether or not a trade will be subject to review. In the absence of a 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, may determine that a trade shall not be subject to review. Upon deciding to review a trade, the GCC will promptly issue an alert indicating that the Reviewed Trade is under review.

(C) **Price Adjustments and Cancellations**

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 **Non-Reviewable Range**. In order to provide the market with confidence that traded levels will stand, trades within the Non-Reviewable Range will not, under most circumstances, be cancelled by the Exchange, whether as a result of error or otherwise. The Non-Reviewable 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 price of the Reviewed Trade is within the Non-Reviewable Range for Futures or in the case of Options, within the Non-Reviewable 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 Non-Reviewable Range for the Option.

In applying the Non-Reviewable Range, the GCC shall determine the fair value market price for that Exchange Contract at the time the Reviewed Trade occurred. 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 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, 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 Non-Reviewable Range for that Exchange Contract.

(1) Trade Price Inside the Non-Reviewable Range:

If the GCC determines that the price at which the Reviewed Trade occurred took place is within the Non-Reviewable Range, the GCC will issue an alert indicating that the Reviewed Trade shall stand.

(2) Trade Price Outside the Non-Reviewable Range:

Futures Contracts:

If the GCC determines that the Reviewed Trade price is outside the published Non-Reviewable Range for a Futures Contract (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 Reviewed Trade occurred, plus or minus the Non-Reviewable 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 cancel rather than price adjust such transactions. The GCC will issue an alert regarding its decision.

Option Contracts

If the GCC determines that the Reviewed Trade price is outside the applicable Non-Reviewable Range for an Option Contract, the Reviewed 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 plus (minus) the Non-Reviewable 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 cancel rather than price adjust such transactions. The GCC will issue an alert regarding its decision.

Cancelled 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 cancel the Reviewed Trade. With the approval of the GCC, parties to a Reviewed Trade that is cancelled may instead mutually agree to price adjust the Reviewed Trade to a price consistent with the adjustment provisions of Rule 6.17(C) above.

Parties to a Reviewed Trade that is cancelled 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.

A 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 Non-Reviewable 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 cancelled may not be reversed unless permitted and effected in accordance with this Rule 6.17 (D).

(E) **Liability for Losses Resulting from Price Adjustments or Cancellation and Prohibition on Claims for Losses Arising from Error Trades Executed Within the Non-Reviewable Range**

A party entering an order that results in a price adjustment or trade cancellation shall be responsible for demonstrated claims of realized losses incurred by Persons whose trade prices were adjusted or cancelled 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 Rule 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 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 Rule 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 cancellation or a price adjustment and to the Clearing Member through which 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 claim, admit or deny responsibility in whole or in part. Failure to respond to the claim within ten (10) Business Days shall be considered a denial of liability. To the extent that liability is admitted, payment shall be made within ten (10) Business Days. Unless otherwise agreed upon in writing by the parties, failure to make the payment within ten (10) 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 (10) Business Days of the date the party was issued notification that liability was denied.

Claims for losses incurred as a result of trades executed in error at prices within the Non-Reviewable Range may not be submitted for arbitration under Chapter 5 of these Rules.

(F) **Permissible Responses to Phantom Orders**

If the Exchange or the GCC have reason to believe that Phantom Orders as defined in Rule 6.29 have been or are being entered into any Exchange system, service or facility, the GCC shall be authorized to take appropriate action to protect the integrity of the market, including, without limitation, suspending trading and/or cancelling unfilled orders. The GCC shall also be authorized, in its sole discretion, to cancel transactions or adjust the trade prices of transactions that were directly or indirectly caused by Phantom Orders, whether or not such transactions were executed at prices outside of the Non-Reviewable Range.

If Phantom Orders directly cause transactions to be executed on any Exchange system, service or facility and such transactions are not cancelled or price adjusted, the GCC shall promptly direct the Clearing Member carrying positions resulting from such transactions to liquidate the positions in a commercially reasonable manner. Such positions shall be liquidated within 30 minutes of such notification or within 30 minutes of the time the Clearing Member knew or should have known that it had been assigned transactions resulting from Phantom Orders, whichever is sooner. The GCC, in its sole discretion, may waive the 30 minute liquidation requirement if it determines that such requirement may have a material, adverse impact on the integrity of the market.

The GCC shall provide notification to the marketplace regarding any action taken or to be taken with respect to the entry of Phantom Orders or execution of a transaction as a result of Phantom Orders, and, in the event transactions are not otherwise cancelled or price adjusted by the GCC, any actions required to be taken by Clearing Members. Such notification(s) shall be made as soon as practicable, but in no event more than 30 minutes after the time that the GCC has accurate information regarding the Phantom Orders that is sufficient to support the necessary notification9s).

Any Exchange or CME Group liability for losses resulting from Phantom Orders shall be subject to the limitations of Rule 6.29.

(F) **Schedule of Administrative Fees**

(1) When the GCC cancels 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 cancellation 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 fails to pay the fee, the Clearing Member through which the trade was placed shall be responsible for payment of the fee.

(2) A Member, DEA Customer or Authorised Terminal User who persistently enters trades which are outside the Non-Reviewable Range may be subject to disciplinary action by the Exchange under Chapter 7 of these Rules.

6.18 [Reserved]

[RESERVED]

6.19 Termination of designation of a Member, DEA 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 or DEA 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.

6.20 Spread Transactions, Swap Transactions and Strip Transactions

(A) This Rule 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.

6.21 Trade at Marker ("TAM") Transactions

The Exchange shall determine the commodities, contract months and time periods during which TAM transactions shall be permitted. The following shall govern TAM transactions:

A. TAM orders may be entered on CME Globex at any time the applicable contracts are available for TAM trading on CME Globex and during each TAM contract's prescribed pre-open time period. The initiation of any TAM order on CME Globex outside these time periods is prohibited.

B. TAM-eligible commodities and contract months may be executed as block trades pursuant to the requirements of Rule 6.30 ("Block Trades") or as an Exchange for Related Position ("EFRP") transaction pursuant to the requirements of Rule 6.25.

C. TAM transactions may be executed at the current day's applicable Marker Price or at any valid price increment[1] higher or lower than the applicable Marker Price.

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

(A) References in this Rule to Member shall be read to mean Member or DEA 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 6.22(C) and (D) below.

(C) The foregoing restriction shall not apply to Block Trades, executed pursuant to Rule 6.30, or EFRP transactions effected pursuant to Rule 6.25.

(D) Pre-Execution Communications:

A Member may engage in pre-execution communications with regard to transactions executed on the Trading Platform where one (1) 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; or

(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 (2) 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 (2) orders during which the order first entered is resting in the market for Options.

6.23 Restriction on simultaneous buy and sell orders on the Exchange

(A) References in this Rule to Member shall be read to mean Member or DEA Customer as the case may be.

[1] For current TAM limits, please check DME website

(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 6.21, that Member or Authorised Terminal User must enter those orders when executable in the sequence in which those orders were received.

6.24 Transfer trades and office trades

(A) References in this Rule to Member shall be read to mean Member or DEA 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 (1) 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 designee, on the books of the receiving Member); or

(2) transferring existing trades from the record of one (1) 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.

6.25 Exchange for Related Positions

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

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

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

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

(3) 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").

(B) **Parties to 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 may facilitate, as principal, the related position on behalf of a Customer; provided that the Member can demonstrate that the related position was passed through to the Customer who received the Exchange Contract position as part of the EFRP.

The Exchange Contract and the corresponding related position must be executed for accounts with the same beneficial ownership following the requirements in 6.25 (J).

(C) **Related Positions**

The related position component of an EFRP must be the cash commodity underlying the Exchange contract or a by-product, a related product or an OTC derivative instrument of such commodity that has a reasonable degree of price correlation to the commodity underlying the Exchange Contract. The related position component of an EFRP may not be a futures contract or an option on a futures contract.

Each EFRP requires a bona fide transfer of ownership of the underlying asset between the parties or a bona fide, legally binding contract between the parties consistent with relevant market conventions for the particular related position transaction.

The execution of an EFRP transaction may not be contingent upon the execution of another EFRP or related position transaction between the parties where the transactions result in the offset of the related position without the incurrence of market risk that is material in the context of the related position transactions. The facilitation of the execution of an EFRP by any party that knows such EFRP is non bona fide shall constitute a violation of this Rule.

(D) **Quantity Equivalence**

The quantity of the related position component of the EFRP must be approximately equivalent to the quantity of the Exchange component of the EFRP

(E) **Prices and Price Increments**

The Exchange component of the EFRP transaction must be priced in accordance with the applicable futures price increments or option premium increments as set forth in the rules governing the Exchange contract. EFRPs may be transacted at such commercially reasonable prices as are mutually agreed upon by the parties to the transaction. EFRPs may not be priced to facilitate the transfer of funds between parties for any purpose other than as the consequence of legitimate commercial activity.

(F) **Date and Time of Transaction**

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

(G) **Termination of Trading in Exchange Contracts**

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

(H) **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 Members are responsible for exercising due diligence as to the bona fide nature of EFRP transactions submitted on behalf of Customers.

(I) **Recordkeeping**

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(s) to provide such requested documentation on a timely basis. Brokers who facilitate EFRP transactions must maintain all records corresponding to their facilitation of the transactions.

(J) **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 Futures Contract, an EFRP transaction may not be executed for the purpose of offsetting concurrent long and short positions in the expiring Futures Contract when the accounts involved in such transaction are owned by the same legal entity and when the date of the Futures position being offset is not the same as the date of the offsetting transaction.

(K) **Large Trader Requirements for EFRP Transactions**

Each Clearing Member, omnibus account and foreign broker submitting large trader positions in accordance with Rule 4.27 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.

6.26 Trade formation

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

(B) Except where paragraph (C) of this Rule applies, the following contracts in the terms of an Exchange Contract shall arise when the Trading Platform matches two (2) 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 6.26(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 6.26(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 6.26(B)(4) or a contract between a Clearing Member and itself is deemed to arise by virtue of Rule 6.26(B)(5)).

(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 6.14(A) when the Trading Platform matches it with another order.

In paragraphs (C) and (D) of this Rule 6.26, 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 6.26 (C)(1) and (2)).

(D) Where Member X enters and validates information in accordance with Rule 6.14 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 6.26 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 6.26; 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 Customer in place of Member X on the contracts arising pursuant to paragraph (C) of this Rule 6.26.

(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 between Clearing Members (including any such contract between the same Clearing Member acting in different capacities in respect of that contract).

6.27 Daily Marker Prices and Settlement Prices

(A) For each Futures Contract, the Exchange shall publish a daily Marker Price. For each Options Contract, the Exchange shall publish a daily Options Marker Premium. Any Marker Price or Options Marker 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 Settlement Price for each Futures Contract shall be determined by the Exchange in accordance with its published procedures and the daily Settlement Price for each Futures Contract shall be set at 14:30 (New York Time). The daily Options Settlement Premiums shall be determined by the Exchange in accordance with its published procedures and shall be set at 14:30 (New York Time). For each Options Contract, the Exchange may also publish a daily Options Settlement Premium.

(C) The Exchange may request from any Member representing that certain market information should be considered in the determination of a daily Marker Price, Options Marker Premium, Settlement Price or Options Settlement Premium such documentation as it deems appropriate.

(D) The Exchange shall notify the daily Settlement Price and Marker Price (or, in the case of an Options Contract, the daily Options Marker Premium and Options Settlement Premium) determined by the Exchange to the Clearing House. The Clearing House shall use the final Marker Price (or, as the case may be, final Options Marker Premium) in the calculation of margin in respect of the last Trading Day in a Contract Month and the Settlement Price (or, as the case may be, Options Settlement 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.

6.28 Communications between Members and DEA 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 and DEA Customers or between such Persons and their offices or other Persons, all of which is entirely at the risk of the Member or DEA Customer receiving or sending such message or communication or the Member or DEA Customer or other Person for whom the same may be intended.

6.29 Limitation of liability

(A) This limitation of liability in this Rule shall apply to Members, DEA 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, the Exchange, its Affiliates, shareholders, the CME, and any of their respective officers, directors, employees, agents, consultants, Members, information providers, independent contractors or subcontractors and licensors (collectively, **Covered Persons**) shall not be liable to any Person for any losses, damages, costs or expenses (including, but not limited to, loss of profits, loss of use, loss of savings, and direct, special, indirect, incidental, consequential or punitive damages) arising from:

(1) 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 Trading Platform, other systems, and services of the Exchange or services, equipment or facilities used to support the Trading Platform, other systems, and services, including without limitation electronic order entry/delivery, trading through any electronic means, electronic communication of market data or information, workstations used by Members and DEA Customers and authorised employees of Members and DEA Customers, price reporting systems and any and all terminals, communications networks, central computers, software, hardware, firmware and printers relating thereto; or

(2) any failure or malfunction, fault in delivery, delay, omission, suspension, inaccuracy, interruption or termination, or any other cause, of the Trading Platform, other system, or service of the Exchange or services, equipment or facilities used to support the Trading Platform, other systems or services, caused by any third parties including, but not limited to, independent software vendors and network providers; or

(3) any errors or inaccuracies in information provided by the Exchange or the Trading Platform, other Exchange systems, services, or facilities; or

(4) any unauthorised access to or unauthorised use of any of the Trading Platform, other Exchange systems, services, or facilities by any Person.

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. A party who has been finally adjudicated to have engaged in fraud, criminal acts, gross negligence, or wilful or wanton misconduct may not avail itself of the protections in this Rule. To the extent that a Covered Person besides DME is so adjudicated, the DME shall not be in any way liable for the actions of such Covered Person.

(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, any other systems, or services relating to the Trading Platform, any other systems, or services of the Exchange or services, equipment or facilities used to support the Trading Platform, 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 or DEA Customer'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 may provide employees (including employees in GCC) to perform certain services on behalf of DME for Members, DEA Customers and Authorised Terminal Users with respect to the Trading Platform (the **Service Centre Employees**). Neither the Exchange nor CME shall be liable for any loss resulting from any inability to communicate with Service Centre

Employees. The liability of the Exchange or the CME for the negligent acts of Service Centre Employees shall be subject to the limitations and conditions of this Rule.

(F) Any dispute arising out of the use of the Trading Platform, other systems, or services of the Exchange or services, equipment or facilities used to support the Trading Platform, other systems, or services in which the Exchange (including its subsidiaries and affiliates), or any of its officers, directors, employees, agents, consultants or licensors is a party shall be arbitrated pursuant to the Rules. Any arbitration shall be brought within the period prescribed by the Rules. Any other actions, suits or proceedings against any of the above must be brought within two years from the time that a cause of action has accrued. This paragraph shall in no way be construed to limit a party's obligation to arbitrate its claims or to create a cause of action and shall not authorize an action that would otherwise be prohibited by the Rules.

(G) The Exchange or the CME may, in their sole discretion, assume responsibility for direct, out-of-pocket losses directly caused by the negligence of GCC or other Exchange staff and/or order status errors provided by the GCC and/or the clearing customer service desk. If such liability is accepted, the total combined aggregate obligations for the Exchange and CME Group shall not exceed $200,000 for all losses suffered from all causes in a single calendar month, except for losses caused by Phantom Orders which are subject to the provisions of paragraphs (I) and (J) of this Rule. Any disputed claim made under this Rule must be arbitrated pursuant to the Rules.

(H) In on event shall the collective total aggregate liability for the Exchange and CME for all claims arising out of any negligence, failures, malfunctions, faults in delivery, delays, omissions, suspensions, inaccuracies, interruptions, terminations, order statusing errors or any other causes, except for Phantom Orders which are subject to the provisions of paragraphs (I) and (J) of this Rule, 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 or services, or services, equipment or facilities used to support such system and services, or the negligence of Exchange staff, exceed $200,000 in any calendar month.

If the number of allowed claims arising out of any failures or malfunctions in a single calendar month cannot be fully satisfied because of the monthly liability limitation, all such claims shall be limited to a pro rata share of the maximum amount available for that month.

(I) Notwithstanding the foregoing, the Exchange and CME may, assume responsibility for direct, out-of-pocket net losses directly caused by Phantom Orders (as defined below). If such liability is accepted, the total aggregate obligations for the Exchange and CME Group shall not exceed $5,000,000 for all such losses suffered in a single calendar month. Any disputed claim made under this Rule must be arbitrated pursuant to the Rules. For the purposes of this Rule and Rule 6.17, a **Phantom Order** is an order: 1) that was not authorized by a person but was caused by a failure, malfunction or negligent operation of the Trading Platform or any other Exchange system, service or facility, or 2) whose terms (e.g. contract, contract month, quantity, price or direction) were changed without authorization of the person placing the order solely as a result of a failure, malfunction, or negligent operation of the Trading Platform or any other Exchange system, service or facility.

(J) In no event shall the collective total aggregate liability for the Exchange and CME for direct, out-of-pocket net losses directly caused by Phantom Order(s) exceed $5,000,000 in a single calendar month. Compliance with the terms of Rule 6.17 is required in order for losses to be considered by the Exchange pursuant to this Rule. If the amount of direct, out-of-pocket net losses directly caused by Phantom Orders in a single calendar month cannot be fully satisfied because of the monthly liability limitation, all such losses shall be limited to a pro rata share of the maximum amount available for that month.

A claim against the Exchange or CME arising out of any failure, malfunction or Phantom Order shall be strictly subject to the respective liability limits of this Rule.

6.30 Block Trades

(A) In this Rule, reference to a Member shall also include a DEA Customer.

(B) Block Trades (privately negotiated transactions) shall be permitted subject to the remaining provisions of this Rule.

(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.

(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 parties to each Block Trade must ensure that it is reported to the Exchange and Clearing House within five (5) to fifteen (15) minutes of the time of execution depending on the specific contract. The report must include the contract, contract month, price, quantity of the transaction, the respective clearing members, the time of execution, and, for options, strike price, put or call and expiration month. 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.

(I) Block Trades shall be permitted in quantities in Exchange Contracts determined by the Exchange from time to time. Generally, the Block Trade size information will be published on the Exchange's website.

6.31 Market Maker Programs

The Board may approve the implementation of market maker programs, pursuant to which market makers would be authorized to maintain two-sided markets in those products designed by the Exchange. With the exception of allowable privately negotiated transactions and orders executed in accordance with Rule 6.22, an individual responsible for performing the duties of a market maker pursuant to this Rule may not accept, hold or in any manner have possession or non-public knowledge of orders for any other person, including knowledge of customer orders, in the same or a related market. All contract months in the product and any related futures or options contracts shall be considered to be the same or a related market for purposes of this Rule.

To the extent that the terms of any such market maker program may be in conflict with any Rules of the Exchange the Rules shall prevail.

Chapter 7 Disciplinary Rules

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7.1 Jurisdiction

(A) All Members and DEA Customers shall be subject to the jurisdiction of the Exchange for the purposes of this Chapter 7 of these Rules.

(B) All employees of Members and DEA Customers shall be subject to the jurisdiction of the Exchange to the same extent as their employers for the purposes of this Chapter 7 of these Rules.

(C) In this Chapter 7, a reference to a Member shall be read to mean either a Member or a DEA Customer, as the case may be.

7.2 Retention of jurisdiction over former Members

(A) The Exchange shall, subject to the provisions of this Rule, retain jurisdiction over former Members with respect to any proceeding or matter which occurred prior to the termination of

Membership or access to the Trading Platform (**termination of Exchange privileges**) of such Member, howsoever such termination occurs.

(B) Subject to paragraph (C) of this Rule, the CCO or his designee shall notify a former Member of an investigation or hearing pursuant to this Chapter 7 in connection with any matter involving such former Member which occurred prior to the termination of its Membership or access to the Trading Platform. Such notice shall be in writing and shall be posted to the former Member as soon as possible and, in any event, no later than one (1) year after the effective date of such termination, by courier delivery to his last address as shown in the books and records of the Exchange.

(C) Written notice in accordance with paragraph (B) of this Rule shall not be necessary where such notice has been given prior to the termination of Membership or access to the Trading Platform in relation to the former Member, whether in writing or orally during a recorded interview.

(D) At any time after the notice has been served or given in accordance with paragraph (B) or (C) of this Rule, the CCO or his designee may, in connection with any matter specified in such notice, request in writing that the former Member furnish books, records and copies of documents, supply written or oral statements under oath, or appear and testify at any hearing. The former Member shall comply with such request as promptly as possible.

(E) As soon as is practicable after the notice has been served or given in accordance with paragraph (B) or (C) of this Rule, the former Member may be charged with any breach of the Rules relating to any matter specified in such notice, including any failure to comply with a request pursuant to this Rule or any subsequent breach of the Rules arising from the conduct of the former Member during the investigation. Any such former Member shall be subject to discipline as though its Membership or access to the Trading Platform had not been terminated.

7.3 Retention of jurisdiction over former employees of Members

(A) Employees of Members having access to the Trading Platform shall remain subject to Exchange jurisdiction for the purposes of this Chapter 7 if, subject to paragraph (B) of this Rule, within a period of one (1) year of such employee's termination of employment with any Member, the CCO or his designee advises such Person in writing, by registered post to the employee's last known residence address as reflected in Exchange's records, or the records of the Member, that it is conducting an investigation of a possible breach or breaches of these Rules during the period of his employment.

(B) Written notice in accordance with paragraph (A) of this Rule shall not be necessary where such notice has been given prior to termination of the employee's employment, whether in writing or orally during a recorded interview.

(C) Employees of Members notified of any investigation pursuant to paragraph (A) or (B) of this Rule shall respond to all inquiries of the Compliance Department at the time and place and in the manner designated by the Compliance Department, and shall make available to the Compliance Department any books and records maintained by him in the course of his Exchange-related employment. Any Person under such investigation shall be entitled to be accompanied by legal representatives in any interview conducted by the Compliance Department in the course of, and for the duration of, such investigation. Any interview conducted by the Compliance Department may be tape-recorded or transcribed stenographically at the election of the Compliance Department.

7.4 Obligation of employees of Members to comply with Rules

All employees of Members must comply with all Rules, resolutions of the Board and policies of the Exchange as if specifically referred to therein. Any Rule which provides for the discipline, suspension, or imposition of a fine or other penalty for breach thereof shall apply to all employees of Members for the purposes of disciplinary and summary action as provided in this

Chapter 7. Rule breaches and suspected Rule breaches shall be investigated and resolved as described in this Chapter 7.

7.5 Classification of offences

(A) Offences shall be classified as major offences (**Major Offences**) and minor offences (**Minor Offences**).

(B) Major Offences shall be punishable by one (1) or more of the following:

(1) expulsion or suspension from all or some rights and privileges of Membership, access to the Trading Platform and/or authorisation as an Authorised Terminal User;

(2) a censure;

(3) a fine of not more than one million dollars ($1,000,000);

(4) a cease and desist order; or

(5) an order directing restitution to any injured Person.

(C) Minor Offences shall be punishable by one (1) or more of the following:

(1) a fine of not more than ten thousand dollars ($10,000);

(2) a censure;

(3) a cease or desist order;

(4) an order directing restitution to any injured party; or

(5) suspension of not more than one (1) year from all or some rights and privileges of Membership, access to the Trading Platform and/or authorisation as an Authorised Terminal User.

(D) Unless a good cause is shown, any offence involving fraudulent or deceitful trading practices detrimental to a Customer's order shall be a Major Offence and shall be punishable at a minimum with a suspension or revocation of the Member's right to execute Customer orders.

(E) Where a Member or any employee of a Member commits the same Minor Offence or breaches the same Rule twice within a period of twenty-four (24) months of a final disciplinary action by the Exchange, he will be subject to penalty provisions equivalent to a Major Offence.

(F) **Major Offences**. A Member or employee of a Member shall not do any of the following, which shall be deemed Major Offences:

(1) knowingly give an execution to a Customer which purports to be a Market Contract executed on the Exchange but which is not backed by a contract traded on the Exchange (i.e. "bucketing"), or aid, abet or collude with any other Person to carry out, or attempt to carry out, such an action;

(2) act fraudulently or in bad faith;

(3) conduct itself dishonestly;

(4) make or report, or attempt to make or report, a false or fictitious trade;

(5) attempt or engage in extortion;

(6) default on, be delinquent in or otherwise fail to comply with the delivery requirements on any contract;

(7) attempt or engage in wash trading or accommodation trading;

(8) manipulate prices or attempt to manipulate prices or corner or attempt to corner the market, or engage in any practice which results in such manipulation or cornering;

(9) engage in any behaviour amounting to market misconduct as provided for in Part 8 (Prevention of Market Misconduct) of the Markets Law;

(10) make a material misstatement to the Board or to a committee of the Exchange, or in any information supplied to the Exchange or its officials;

(11) knowingly disseminate or attempt to disseminate false, misleading or inaccurate reports concerning market information or conditions that affect or tend to affect the price of any commodity upon the Exchange;

(12) trade or accept margins after insolvency;

(13) refuse to appear before the Board, the CCO or his designee or any committee or at a duly convened investigative hearing, or, in connection with any investigation, refuse fully to answer all questions and produce all books and records at such hearing or investigation, or testify falsely;

(14) make use of or reveal any Confidential Information obtained by reason of participating on the Board or on any committee or in any investigative proceeding or hearing;

(15) knowingly accept, execute or clear a trade on the Exchange, or attempt to do so, for:

(a) the account of an Exchange employee;

(b) the account of any Person who is not a Member; or

(c) an account in which such employee or non-Member has a direct or indirect interest;

(16) use or permit the use of the Exchange or the Trading Platform in a manner that impairs the dignity or degrades the good name of the Exchange, or creates a market or other situation detrimental to the Exchange, or results in breach of the price fluctuation limits, or effects or attempts to effect manipulations or corners;

(17) use improperly or permit the unauthorised use of the Trading Platform;

(18) fail to maintain minimum financial requirements;

(19) attempt or commit an act which is substantially detrimental to the interests or welfare of the Exchange;

(20) refuse to comply with an order of the Board, the CEO or his designee, the CCO or his designee or any committee of the Exchange;

(21) intentionally breach any Rule that results in harm to a Customer;

(22) fail to provide a required notice to the Exchange;

(23) breach Rule 3.8 (Confidential Information), Rule 4.32 (Payment of gratuity) or Rule 2.2(B) (Training); or

(24) fail to supervise any employee or agent adequately so as to prevent that Person breaching any Rule that:

(a) results in substantial detriment of the welfare and interests of the Exchange;

(b) results in harm to a Customer or another Member; or

(c) otherwise constitutes a Major Offence.

(G) **Minor Offences**. A Member or employee of a Member shall not do any of the following, which shall be deemed Minor Offences:

(1) attempt or engage in conduct detrimental to the Exchange;

(2) attempt or engage in conduct inconsistent with just and equitable principles of trade;

(3) attempt or engage in conduct tending to impair the dignity or the good name of the Exchange;

(4) breach any Rule, the breach of which is not a Major Offence;

(5) circulate or aid in the circulation in any manner of rumours which tend to reflect on the integrity of any Exchange Contract;

(6) fail consistently to conform to audit trail and/or trade submission standards; or

(7) fail to supervise any employee or agent adequately in order to prevent breaches of Rules by such Person,

provided that, where the breach of a Rule by such a Person is a first offence of that kind and the Member discloses the breach to the Exchange and takes immediate and appropriate remedial action on its own initiative upon discovering the breach, that shall constitute mitigating circumstances to a charge of breaching this paragraph (G) of this Rule 7.5. The CCO may also determine that certain offences that may be categorized as Major Offences are actually Minor Offences due to mitigating circumstances.

(H) A breach of a cease and desist order may be determined to be either a Major or a Minor Offence.

7.6 Compliance Department

(A) The Compliance Department shall consist of employees of the Exchange. Such employees may not be Members or Persons otherwise subject to the jurisdiction of Chapter 7 of these Rules.

(B) The Compliance Department shall be headed by the CCO. The Exchange may also employ Persons (who shall not be Members or Persons otherwise subject to the jurisdiction of Chapter 7 of these Rules) to assist the Compliance Department in carrying out its functions under this Chapter 7.

(C) The Compliance Department may also receive support from representatives of CME to assist the Compliance Department in carrying out its functions.

(D) The Compliance Department shall conduct investigations of Rule breaches and suspected Rule breaches.

7.7 Complaints about users of the Exchange

(A) Any complaint about the conduct of a Member or employee of a Member, or suspicion that any of the foregoing has committed or is about to commit a Rule breach, shall be made in writing and be addressed to the CCO.

(B) The Compliance Department will acknowledge such complaint promptly after receiving it. Enclosed with the acknowledgement will be a copy of this Chapter 7.

(C) Any complaint received by the CCO under paragraph (A) of this Rule 7.7 will be considered promptly by a member of the Compliance Department.

(D) If the Compliance Department considers that the conduct complained of may constitute a Rule breach, it will instigate a full investigation according to the procedures set out in Rule 7.9.

(E) The Compliance Department shall retain copies of all documents and materials relating to any complaint received by the CCO under paragraph (A) of this Rule for a minimum of six (6) years.

7.8 Inspections and enquiries

(A) The CCO may authorise the Compliance Department to carry out routine inspections and enquiries about the conduct of any Member or employee of a Member. In carrying out such inspections and enquiries, the Compliance Department shall have the powers described in paragraphs (B) to (D) of Rule 7.9. Members or employees of Members shall co-operate fully with the Compliance Department's inspection and enquiries.

(B) If the Compliance Department concludes from such inspections and enquiries that there may have been a Rule breach, it shall instigate an investigation according to the procedures set out in Rule 7.9.

7.9 Investigation

(A) During the investigation of a Rule breach or suspected Rule breach by the Compliance Department, the CCO may, in his discretion, taking into account the circumstances of the matter, advise all relevant parties of the investigation. In that event, the Member or employee of a Member shall be permitted to present to the Compliance Department any facts in their defence.

(B) The Compliance Department may, in the course of its investigation, interview any Member or employee of a Member as it sees fit and at such time, manner and place it determines in its absolute discretion. For the purposes of any interview conducted pursuant to this paragraph (B) of this Rule, a Member or employee of a Member must be informed in writing prior to the interview that he may be legally represented at the interview. Procedures governing the conduct of an interview under this paragraph (B) of this Rule, including the limitation on adjournments granted to accommodate an interviewee's legal representative's schedule to reasonable periods of time, shall be determined by the Compliance Department. Any interview conducted by the Compliance Department may be tape-recorded or transcribed stenographically at the election of the Compliance Department.

(C) Any Member or employee of a Member who fails to attend any interview pursuant to paragraph (B) of this Rule may be fined two thousand dollars ($2,000) per day of non-attendance and may be denied access to the Trading Platform until he takes reasonable steps to make himself available on an alternative date.

(D) In investigating the conduct and transactions of Members and employees of Members the Compliance Department may visit their premises and examine their books and records. Members and employees of Members shall make their books and records available to the Compliance Department and shall respond to all inquiries of, and requests for information from, the Compliance Department as it deems necessary to pursue its investigation at the time, place and in the manner designated by the Compliance Department.

(E) The Compliance Department may issue warning letters to Persons under investigation informing them that there may have been a Rule breach and that such continued activity may result in more severe disciplinary sanctions. Such warning letter is not a penalty nor is it an indication that a finding of a Rule breach has been made.

(F) The CCO shall submit reports to the Board. Such reports shall describe for the period covered by each report:

(1) the activities of the Compliance Department;

(2) all investigations commenced and terminated; and

(3) the disposition of all cases presented to the Disciplinary Committee and the Appeal Committee.

Such reports are to be submitted at least twice a year.

7.10 Service and filing of documents

(A) For the purposes of all proceedings under this Chapter 7, unless otherwise stated, any document shall be deemed to be served or filed (as appropriate):

(1) on the second Business Day after it is posted, if it is sent by registered post;

(2) on the day it is delivered, if it is delivered personally or by a generally recognised overnight delivery service before 17.00 (in the place of delivery) on a Business Day; or

(3) on the Business Day following the day on which it is delivered, if it is delivered personally or by a generally recognised overnight delivery service after 17.00 (in the place of delivery) on a Business Day.

7.11 Investigative Report

(A) When an investigation is completed, the Market Surveillance United of the Compliance Department shall prepare an investigative report (**Investigative Report**).

(B) The Investigative Report shall be in writing and shall set out:

(1) the reason the investigation was initiated;

(2) the relevant facts;

(3) the conclusions of the Market Surveillance Unit; and

(4) if the Market Surveillance Unit concludes that there is a reasonable basis to believe that a Rule breach occurred, the recommendation to the CCO and/or the Disciplinary Committee.

(C) The Investigative Report, when completed, shall be submitted for presentation to the CCO and/or the Disciplinary Committee.

7.12 Resolution of Minor Offences by the CCO

(A) The CCO may decide, upon receiving the results of an inspection, inquiry, or investigation, that the conduct alleged constituted a Minor Offence. The CCO has the discretion to determine the penalty pursuant to Rule 7.5(C). The CCO may give such publicity as he considers appropriate to any finding, or any sanction or order imposed pursuant to this Rule.

(B) If the CCO determines that the conduct constituted a Major Offence, the matter shall go to the Disciplinary Committee, pursuant to the Rules in this Chapter.

(C) If a market participant wishes to appeal the decision of the CCO, it shall inform the Compliance Department within ten (10) Business Days of notice of such action, and the matter shall go to the Disciplinary Committee, pursuant to the Rules in this Chapter.

7.13 Disciplinary Committee

(A) The Disciplinary Committee shall have the power to direct the Compliance Department to investigate any suspected Rule breach within its jurisdiction in which case the Compliance Department shall carry out a full investigation according to the procedure set out in Rule 7.9 and prepare an Investigative Report in accordance with Rule 7.11.

(B) The Disciplinary Committee shall meet as necessary to review Investigative Reports.

(C) As provided for in Rule 3.10(B), a member of the Disciplinary Committee shall excuse himself from such review where he, or any Person with whom he is affiliated, has a financial, personal or other interest in the matter or parties under consideration.

(D) The Disciplinary Committee shall permit the Member or employee of a Member under investigation to present evidence on its or his behalf. Such presentation shall be conducted pursuant to the following procedures:

(1) the Investigative Report shall be served by the Compliance Department on the Member or employee of a Member that is the subject of the report at the last address filed with the Exchange;

(2) the Member or employee of a Member may submit to the Disciplinary Committee a written statement together with any supporting documentation which is relevant to the investigation;

(3) such statement shall be filed with the Membership Department not later than ten (10) Business Days following service of the Investigative Report from the Compliance Department.

(E) The Compliance Department shall be present during the Disciplinary Committee's review of an Investigative Report, and shall respond to all inquiries of the Disciplinary Committee. Members or employees of Members who have submitted a written response to the Disciplinary Committee in the manner set out in paragraph (D) of this Rule may, after the presentation of the Compliance Department's report and before deliberations of the Disciplinary Committee, personally appear before the Disciplinary Committee, either with or without legal representation, with the Compliance Department present to make an oral presentation relevant to the Disciplinary Committee's review of the Investigative Report, and may answer any questions posed by the Disciplinary Committee, provided, however, that the presentation be limited to matters raised in the written statement submitted pursuant to paragraph (D) of this Rule.

(F) If the Disciplinary Committee concludes that a reasonable basis exists for finding that a Rule breach has occurred, it shall direct the Compliance Department to advise the Member or employee of a Member of that fact and take any one of the following actions:

(1) issue a warning letter to the effect that the Disciplinary Committee has concluded that a Rule breach has occurred but that in all the circumstances no disciplinary proceedings will be initiated against the Member or employee of a Member in relation to that Rule breach;

(2) issue a Notice in accordance with Rule 7.14.

7.14 Notice instituting disciplinary proceedings (a **Notice)**

(A) If the Disciplinary Committee directs the Compliance Department to issue a Notice, the Notice shall be served on the Member or employee of a Member named in the Notice either:

(1) personally; or

(2) by courier delivery to the last address filed with the Exchange.

(B) The Notice shall:

(1) set out the acts, practices or conduct in which the Member or employee of a Member is alleged to have engaged; and

(2) state the Rule or Rules alleged to have been, or about to be, breached.

(C) (**Respondent**) means a Member or employee of a Member against whom a Notice has been filed.

(D) The Compliance Department shall also notify the Respondent that the Respondent:

(1) is entitled to a hearing on the charges in the Notice;

(2) if the Respondent wishes such a hearing, must so request in writing, and that failure to request a hearing within twenty (20) Business Days after service of the Notice will operate as a waiver of the right to a hearing, unless good cause for the delay in making the request is shown by the Respondent;

(3) must file an Answer to the Notice with the Membership Department within twenty (20) Business Days of service of the Notice, in accordance with Rule 7.14; and

(4) will be deemed to admit the allegations in the Notice if the Respondent does not so file an Answer.

7.15 Answer

(A) The Respondent must serve on the Compliance Department and file with the Membership Department a written notice (an **Answer**) and a request for a hearing within twenty (20) Business Days of service of the Notice.

(B) If no Answer is filed within such period, unless good cause is shown, all the charges in the Notice will be deemed to have been admitted.

(C) Any charges in the Notice not denied in the Answer shall be deemed admitted.

7.16 Reply

(A) The Compliance Department may serve upon the Respondent and file with the Membership Department a written reply (a **Reply**) to any Answer within ten (10) Business Days of the filing of the Answer by the Respondent.

(B) Any Reply must be limited to the matters set out in the Answer.

7.17 Hearing Panel

(A) The Notice, any Answer and any Reply shall be filed with the chairman of the relevant Board committee not later than twenty (20) Business Days after service of the Reply, if any.

(B) The chairman of the relevant Board committee shall assign the case to a Hearing Panel to hear and decide the matter.

(C) The chairman of the relevant Board committee shall give written notification to the Respondent and the Compliance Department of the names of the Persons on the Hearing Panel to which the case has been assigned pursuant to paragraph (B) of this Rule at least fifteen (15) Business Days prior to the initial hearing date.

(D) The Hearing Panel shall be appointed by the chairman of the relevant Board committee and shall consist of a chairman and no fewer than two (2) lay members. The chairman of the Hearing Panel must have been a lawyer by profession for at least ten (10) years who has relevant experience and who is not a Member or a director, officer or employee of any Member or of any Affiliate of any Member. A lay member of the Hearing Panel may be a Member or director, officer or employee of a Member or of an Affiliate of a Member.

(E) No member of the Disciplinary Committee may serve on a Hearing Panel.

(F) No Person may serve on a Hearing Panel in a case in which he has any financial, personal or other interest in the matter under consideration, or if such Person has engaged previously in any disciplinary function under these Rules in connection with the matter before the Hearing Panel, including service as a member of the Disciplinary Committee. Such Person shall promptly make such interest known to the chairman of the relevant Board committee ..

(G) The Compliance Department and/or the Respondent may file with the Membership Department a written challenge against any member of the Hearing Panel for cause. The merits of such challenge shall be decided by the chairman of the relevant Board committee in his sole discretion, unless the challenge relates to the chairman of the relevant Board committee in which case the merits of the challenge will be decided by the CEO or his designee. Unless a party's written challenge is received by the Membership Department within seven (7) Business Days of service of notice in accordance with paragraph (C) of this Rule, any right of challenge shall be waived.

(H) The initial hearing shall be conducted on such date and at such time and place as the chairman of the Hearing Panel decides on not less than ten (10) Business Days' written notice to the Compliance Department and to the Respondent.

7.18 Pre-hearing procedures

(A) At least seven (7) Business Days before the scheduled start of the hearing, the Compliance Department and the Respondent respectively shall furnish each other with a list of witnesses they intend to call in the presentation of their cases at the hearing, and a list of all documents they intend to rely on at the hearing.

(B) The Compliance Department shall retain all rights and powers of investigation under paragraph (D) of Rule 7.9 after completion of the Investigative Report and until the hearing is completed.

7.19 Hearing procedures

(A) The Hearing Panel may determine the procedures to be applied in any hearing before it, provided, however, that the following procedures shall apply in every case.

(1) The prosecution shall be conducted by the Compliance Department.

(2) The Respondent may be represented by a lawyer or any other representative and may, either personally or through this representative, present witnesses or other evidence and cross-examine witnesses.

(3) The formal rules of evidence shall not apply and the Hearing Panel shall have the discretion to accept or to reject any and all evidence.

(4) A record of the proceedings shall be made.

(5) The Notice, any Answer, any Reply, the record of the proceedings, and (if any) the documentary evidence or other material presented to the Hearing Panel by either party shall constitute the record of the hearing.

(6) The burden of proof shall be on the Compliance Department.

(7) A finding of a Rule breach shall be made on the weight of the evidence contained in the record of the proceeding.

(B) In advance of the hearing, the Respondent shall be entitled to examine all books, documents and other evidence in the possession or under the control of the Exchange that:

(1) are to be relied upon by the Compliance Department in prosecuting the matter; or

(2) are relevant to the charges.

(C) The Compliance Department shall make such material available to the Respondent and the Respondent's representative for inspection within twenty (20) Business Days after the filing of an Answer by the Respondent pursuant to Rule 7.15.

(D) Any Person within the jurisdiction of the Exchange who is called as a witness at any hearing shall appear at such hearing and give testimony or produce evidence.

(E) The Hearing Panel shall have the power to impose a penalty against any Person who is within the jurisdiction of the Exchange and whose actions impede the progress of a hearing.

(F) The Compliance Department may make submissions to the Hearing Panel as to the appropriate sanction and any such submissions shall be made available to the Respondent, who shall have the right to make submissions in reply regarding the sanction.

7.20 Settlements

(A) When the Compliance Department concludes that a Rule breach has occurred, the Compliance Department may at any time prior to the submission of an Investigative Report to the Disciplinary Committee negotiate with the Respondent and enter into a written offer of settlement with the Respondent (an **Offer of Settlement**).

(B) The Respondent may agree, without admitting or denying a Rule breach, to an Offer of Settlement which may provide for any one of the following:

(1) a cease and desist order;

(2) a censure;

(3) an order directing restitution to any injured Person;

(4) a fine of not more than five thousand dollars ($5,000) for each Rule breach alleged; or

(5) any combination of such penalties.

(C) Any such settlement is subject to the approval of the Disciplinary Committee.

(D) Concurrent with the review and consideration of an Investigative Report, the Disciplinary Committee may also approve an Offer of Settlement which has been submitted by the Respondent and recommended by the Compliance Department (a **Joint Offer of Settlement**) or has been unilaterally submitted by the Respondent (a **Unilateral Offer of Settlement**).

(E) Prior to the Respondent's submission of the Unilateral Offer of Settlement to the Disciplinary Committee, the Respondent shall be required to file a written copy of the Unilateral Offer of Settlement with the Compliance Department. Thereafter, the Compliance Department may submit a written response to the Disciplinary Committee.

(F) The Disciplinary Committee has the sole discretion to determine whether it will hear oral arguments, and it may approve or reject either a Joint or a Unilateral Offer of Settlement.

(G) Subsequent to the Disciplinary Committee's consideration of an Investigative Report and its directive that a Notice be issued, but prior to filing of the Notice on the chairman of the relevant Board committee, the Respondent may submit a Joint Offer of Settlement to the Disciplinary Committee. Alternatively, the Respondent may submit a Unilateral Offer of Settlement to the Disciplinary Committee, in which case the provisions of paragraph (E) of this Rule 7.20 will apply.

(H) Any Offer of Settlement agreed to under paragraphs (D) to (G) of this Rule may provide for any of the following:

(1) a cease and desist order;

(2) a censure;

(3) an order directing restitution to any injured Person;

(4) a fine of not more than twenty five thousand dollars ($25,000) for each Rule breach alleged to have been committed; or

(5) an expulsion or a suspension from all or some rights and privileges of Membership, access to the Trading Platform and/or authorisation as an Authorised Terminal User, for a period not to exceed three (3) months for each Rule breach alleged; or

(6) any combination of such penalties.

(I) Any Offer of Settlement approved by the Disciplinary Committee shall be accompanied by a Notice and is subject to the approval of the Board.

(J) If the Respondent wishes to settle a matter at any time after the filing of the Notice with the chairman of the relevant Board committee, the Respondent may submit a Unilateral Offer of Settlement to the Hearing Panel to which the case has been assigned. Prior to the Respondent's submission of an Offer of Settlement to the Hearing Panel under this paragraph (J), the Respondent shall be required to file a written copy of the Unilateral Offer of Settlement with the Compliance Department.

(K) The Compliance Department may recommend to the Hearing Panel an approval or a rejection of any Offer of Settlement made in accordance with paragraph (J) of this Rule.

(L) An Offer of Settlement made in accordance with paragraph (J) of this Rule may provide for any of the following:

(1) a cease and desist order;

(2) a censure;

(3) an order directing restitution to any injured Person;

(4) a fine not to exceed one million dollars ($1,000,000) for each Rule breach alleged to have been committed;

(5) an expulsion or a suspension from all or some rights and privileges of Membership, access to the Trading Platform and/or authorisation as an Authorised Terminal User; or

(6) any combination of such penalties.

(M) Any Offer of Settlement made in accordance with paragraph (J) of this Rule must be approved by the Hearing Panel and further approved by the Board.

(N) In approving an Offer of Settlement, the Board shall determine the date on which the settlement is to take effect and, if the settled terms include provision for payment of a fine, the date on which such fine is payable by the Respondent.

(O) Following the Board's approval of an Offer of Settlement, the Compliance Department shall forthwith issue and send to the Respondent a Notice of Settlement which sets out the settled terms and the dates which the Board has directed those terms to become effective and any fine is to be payable.

7.21 Decision

(A) The Hearing Panel shall give a written decision (a **Decision**) within forty-five (45) Business Days after the later of the close of the hearing and the last day on which any post-hearing submissions were required to be filed by the Compliance Department or the Respondent, unless by virtue of the complexity of the case or other special circumstances, additional time is required for the preparation of the Decision.

(B) The Decision shall include:

(1) a summary of the Notice (including the charges) and the Answer;

(2) a summary of the evidence produced at the hearing (if any);

(3) a statement of the findings and conclusions of the Hearing Panel with respect to each charge; and

(4) where the Hearing Panel finds that the Respondent has committed any Rule breach, an order stating the penalties imposed and the effective date of such penalties.

(C) Notwithstanding the provisions of paragraph (A) of this Rule, the Hearing Panel may issue a written summary decision setting forth its determination of liability and penalties, if any, prior to the issue of the Decision.

(D) Where the Respondent has admitted any Rule breach charged in the Notice, the Hearing Panel shall impose a penalty for each breach in accordance with paragraph (G) of this Rule. The Hearing Panel shall notify the Respondent of the penalty within forty-five (45) Business Days after the filing of the admission of a Rule breach.

(E) Where the Respondent has:

(1) failed to deny the Rule breach(es) charged; or

(2) submitted an Answer denying the Rule breach(es) charged but not requested a hearing; or

(3) waived a hearing,

the Hearing Panel shall make its decision in accordance with paragraphs (A) and (B) of this Rule based on such documents filed by the Compliance Department and the Respondent as required by the Hearing Panel.

(F) Where the Respondent fails to appear at a requested hearing at the time and place scheduled, the Hearing Panel shall make its decision in accordance with paragraphs (A) and (B) of this Rule based on such documents filed by the Compliance Department and the Respondent as required by the Hearing Panel.

(G) If the Hearing Panel determines to order the imposition of a penalty, the penalties which may be imposed are any one of the following:

(1) a cease and desist order;

(2) a censure;

(3) an order directing restitution to any injured Person;

(4) a fine of not more than one million dollars ($1,000,000) for each Rule breach found to have been committed;

(5) an expulsion or a suspension from all or some rights and privileges of Membership, access to the Trading Platform and/or authorisation as an Authorised Terminal User; and

(6) any combination of such penalties.

(H) Notice of the Respondent's right to appeal, pursuant to Rule 7.233, shall be incorporated into a Decision issued in accordance with paragraph (A) of this Rule.

(I) The Decision shall be served by the Membership Department on the Respondent either:

(1) personally; or

(2) by overnight courier delivery to the last address filed with the Exchange.

(J) Unless appealed, a Decision is the final decision of the Exchange and shall be effective fifteen (15) Business Days after a copy of the Decision has been served upon the Respondent.

(K) Any fine imposed by a Hearing Panel shall be due and payable on the effective date of the Decision or on such later date as the Hearing Panel may specify in the Decision.

(L) The Compliance Department may (and shall, if the Hearing Panel so directs) give such publicity as it considers appropriate (or is directed to give) to any finding of, or any sanction imposed or order made by, the Hearing Panel.

7.22 The level of fine

(A) In assessing the amount of any fine, the Hearing Panel shall take account of the following factors:

(1) the seriousness and potential impact of the Rule breach or, if more than one (1), the Rule breaches when taken in aggregate;

(2) whether the Rule breach was deliberate or reckless;

(3) the extent to which the Respondent has accrued profits or avoided losses as a result of the Rule breach(es);

(4) where the Respondent is an individual, the financial resources available to him or her and the potential effect on his or her livelihood;

(5) where the Respondent is a corporate body, unincorporated association or partnership, the size of the Respondent and the financial resources available to it;

(6) the disciplinary and compliance history of the Respondent;

(7) whether the fine is to be combined with another penalty;

(8) the extent to which the Respondent co-operated in the Exchange's investigation and subsequent disciplinary action;

(9) any other relevant circumstance of which the Hearing Panel is, or has been made, aware in relation to the Respondent.

(B) In approving any Joint or Unilateral Offer of Settlement containing provision for payment of a fine, the Disciplinary Committee, the Hearing Panel and the Board (as the case may be) shall

take account of the factors set out in (1) to (9) of paragraph (A) of this Rule, having regard to the nature of the Rule breach or breaches as alleged in the Notice.

7.23 Appeals

(A) Within ten (10) Business Days of the Decision being served upon the Respondent, the Respondent may appeal the Decision by serving on the Compliance Department and filing with the Membership Department a written notice of appeal (a **Notice of Appeal**) and a request for the transcript of the proceedings before the Hearing Panel. Such transcript shall be provided to the Respondent as soon as is reasonably practical.

(B) Within ten (10) Business Days of service of the transcript of the proceedings, a Respondent who has filed a Notice of Appeal within the time stipulated in paragraph (A) of this Rule shall serve on the Compliance Department and file with the Membership Department a written memorandum of appeal (a **Memorandum of Appeal**) specifying the grounds of the appeal. The grounds of appeal may be any one or more of the following:

(1) the Hearing Panel misdirected itself;

(2) the Decision was:

(a) one which no reasonable Hearing Panel could have reached;

(b) unsupported by the evidence or against the weight of the evidence; or

(c) based on an error of law or a misinterpretation of these Rules;

(3) the sanction imposed by the Hearing Panel was excessive or otherwise inappropriate; or

(4) new evidence is available and, had it been adduced before the Hearing Panel, the Hearing Panel could reasonably have come to a different decision.

(C) The ground of appeal referred to in paragraph (B)(4) of this Rule will not be a valid ground for appeal if the evidence could have been made available to the Hearing Panel by the exercise of reasonable diligence.

(D) A failure to file either a Notice of Appeal or Memorandum of Appeal within the times stipulated shall operate as a waiver of all rights of appeal.

7.24 Compliance Department's Answer

The Compliance Department shall serve upon the Respondent and file with the Membership Department, within ten (10) Business Days of the Respondent filing the Memorandum of Appeal, a written answer (an **Answer on Appeal**).

7.25 Respondent's Reply

The Respondent may serve on the Compliance Department and file with the Membership Department, within five (5) Business Days of the service of the Compliance Department's Answer on Appeal, a written reply (a **Reply on Appeal**). Such Reply on Appeal must be limited to the matters contained in the Answer.

7.26 Appeal Committee

(A) Any appeal shall be heard and decided by the Appeal Committee.

(B) The chairman of the Appeal Committee shall notify the Respondent and the Compliance Department in writing of the names of the members of the Appeal Committee at least fifteen (15) Business Days prior to the initial hearing date.

(C) No Person who has participated in any stage of the disciplinary process, or who has any financial, personal or other interest in the matter or parties under consideration, may serve on the Appeal Committee. Any Person so interested shall promptly notify the chairman of the Appeal Committee of his interest.

(D) The Compliance Department and/or the Respondent may file with the Membership Department a written challenge against any member of the Appeal Committee for cause. The merits of such challenge shall be decided by the chairman of the Appeal Committee in his sole discretion, unless such challenge is made against the chairman of the Appeal Committee, in which case the merits of the challenge shall be decided by the alternate member of the Committee. Unless a party's written challenge is received by the Membership Department within seven (7) Business Days of service of the notice by the chairman of the Appeal Committee under paragraph (B) of this Rule, any right of challenge shall be waived.

7.27 Procedures of the Appeal Committee

(A) The Appeal Committee may, if it considers it appropriate, but only with the agreement of the Compliance Department and the Respondent, decide the appeal on the basis of the record of the proceeding, the Memorandum of Appeal, Answer on Appeal and Reply on Appeal, and any other documentary evidence which the Compliance Department and the Respondent each wish to place before it. In all other cases, the Compliance Department and the Respondent shall be given the opportunity (and may be required by the Appeal Committee upon reasonable notice) to attend and give evidence before the Appeal Committee and be questioned by the other party and the Appeal Committee. The Compliance Department or the Respondent may call witnesses to give evidence and be questioned by the other party and the Appeal Committee.

(B) The Appeal Committee may call for any Person to attend its hearings. This provision aside, all hearings shall be in private unless the Respondent requests otherwise and the Exchange and the Appeal Committee consent to its or his request.

(C) The Appeal Committee shall adopt such procedures as it thinks fit and just, provided however that the following procedures shall apply in all cases:

(1) the Appeal Committee may request from the Compliance Department or the Respondent such further statements, information, documents or other evidence as it may think fit;

(2) the Compliance Department and the Respondent may adduce such further evidence as they consider necessary within reasonable time limits agreed by the Appeal Committee;

(3) the Appeal Committee, or its chairman sitting alone, may deal with such matters as it considers appropriate at a pre-hearing review of the appeal;

(4) the Appeal Committee, or its chairman sitting alone, may issue directions and take such other steps as it considers appropriate for the clarification of the facts and issues and for the just and expeditious determination of the appeal;

(5) the Appeal Committee may accept as conclusive any finding of fact made by a court or any regulatory body;

(6) a Respondent's disciplinary history shall not be disclosed to the Appeal Committee until the Appeal Committee has decided that the Respondent has committed a Rule breach; and

(7) if the Appeal Committee determines that the Respondent has breached a Rule, it shall request the Respondent's disciplinary record from the Compliance Department and may take that record into account in deciding the appropriate sanction.

(D) The Compliance Department may make submissions to the Appeal Committee as to the appropriate sanction and any such submissions shall be made available to the Respondent, who shall have the right to make submissions in reply regarding the sanction.

7.28 Decision of the Appeal Committee

(A) No findings of a Hearing Panel referred to in paragraph (A) of Rule 7.211 may be set aside if supported by the evidence in the record of the proceeding.

(B) The Appeal Committee may affirm, reverse or modify a Decision in whole or in part. In the event of a reversal, the matter may be remitted to the same or a differently constituted Hearing Panel for further proceedings or may be dismissed. Modification of a Decision may include, among other things, an increase in any penalties imposed by the Hearing Panel taking account of the factors set out in sub-paragraphs (1) to (9) of paragraph (A) of Rule 7.22.

(C) The Appeal Committee shall issue a written decision as soon as reasonably practical after the hearing of the appeal.

(D) The Appeal Committee's decision shall include:

(1) a statement of its findings and conclusions with respect to each charge or penalty reviewed;

(2) its reasons for those findings and conclusions;

(3) the specific Rule breach(es) which the Respondent was found to have committed;

(4) an order confirming or modifying any penalties imposed, if any; and

(5) the effective date of such decision and penalty.

(E) Any decision of the Appeal Committee is the final decision of the Exchange and shall be effective fifteen (15) Business Days after it is served upon the Respondent.

(F) Any fine imposed or modified by the Appeal Committee shall be due and payable on the effective date of the Appeal Committee's decision as stated therein or on such later date as the Appeal Committee may specify in its decision.

(G) The Compliance Department may (and shall, if the Appeal Committee so directs) give such publicity as it considers appropriate (or is directed to give) in relation to any finding of, or any sanction imposed or order made by, the Appeal Committee.

7.29 *Ex parte* communications

(A) While proceedings before either the Hearing Panel or the Appeal Committee are pending, there shall be no *ex parte* communications relating to those proceedings between representatives of the Compliance Department, the Respondent, the Respondent's legal representative, or anyone acting on the Respondent's behalf, and any member of the Hearing Panel or Appeal Committee (as appropriate) or any legal adviser to the Hearing Panel or Appeal Committee, provided that such parties may have *ex parte* communications with the legal adviser (if any) to the Hearing Panel or Appeal Committee on timetabling and procedural matters.

(B) Any Person who receives, makes, or learns of any *ex parte* communication which is prohibited by paragraph (A) of this Rule shall promptly give written notice of such communication and any response thereto to all parties to the proceedings to which the communication relates and place on the record of the proceeding any such written communications or responses and a memorandum stating the substance of any such oral communications or responses.

7.30 Confidentiality of Exchange investigations and proceedings

Save to the extent disclosed in a Decision, all investigatory materials and all other documents and evidence presented in any disciplinary proceeding shall be confidential and shall not be disclosed to any Persons outside the Compliance Department and other Exchange employees involved in the investigation or disciplinary proceeding unless such disclosure is required by applicable law(s) or regulation(s).

7.31 Expulsion or Permanent Withdrawal of Trading Privileges by the Board

(A) The Board, under the procedures set out in paragraph (B) of this Rule, may expel any Member or employee of a Member who, within a five (5) year period, has either:

(1) on two (2) or more occasions, as a result of a Notice under Rule 7.144 or a settlement under Rule 7.20, withdrawn or been suspended from all or some rights and privileges of Membership, access to the Trading Platform and/or authorisation as an Authorised Terminal User;

(2) been fined or agreed to pay in settlement more than fifty thousand dollars ($50,000) in aggregate.

(B) The Compliance Department shall inform the Board of any individual or entity who falls within this Rule within thirty (30) Business Days of receipt of a final disciplinary decision which makes applicable its provisions.

(C) The following procedures shall be followed for any proceedings that the Board may institute under paragraph (A) of this Rule.

(1) The Compliance Department shall provide each member of the Board, for his review, copies of all transcripts, exhibits received in evidence and decisions in all disciplinary actions and copies of all settlements concerning such Member or employee of a Member, together with any arguments filed on appeal and appeal decisions in connection with such disciplinary actions.

(2) The Board, if it determines that consideration of expulsion or withdrawal of Membership and/or access to the Trading Platform, is warranted, may issue a written notification (a **Notification**) to the Member or employee of a Member within a reasonable time of receiving such a referral from the Compliance Department, informing them that the Board is considering expulsion or withdrawal of Membership or of access to the Trading Platform and/or authorisation as an Authorised Terminal User, as the case may be, and the reasons for it considering this option.

(3) The Member or employee of a Member shall within twenty (20) Business Days of such Notification submit to the Board a statement of reasons in support of its continued Membership, access to the Trading Platform and/or authorisation as an Authorised Terminal User, as the case may be (the **Statements**) and may at the same time request a hearing before the Board.

(4) Within five (5) Business Days of such a Statement being filed with the Board, the CCO shall schedule a hearing to consider the issue of expulsion or withdrawal.

(5) The hearing shall be convened within fifteen (15) Business Days of such Statement being filed, unless good cause is shown to justify a delay of such hearing.

(6) If no hearing is requested, the Board shall render a decision on the documents provided to it under paragraphs (C)(1) to (3) of this Rule.

(7) A Member or employee of a Member shall have the right to be heard before the Board and to be represented by a lawyer or any other Person.

(8) Promptly following the hearing, the entire Board shall by majority vote render a decision as to whether or not to expel the Member or employee of a Member from Membership or withdraw access to the Trading Platform and/or authorisation as an Authorised Terminal User, as the case may be.

(9) The decision of the Board shall be communicated immediately to the Member or employee of the Member and to the Compliance Department and shall include a statement of findings and conclusions with respect to its decision, the reason(s) for the decision and the effective date of such decision. This decision shall be deemed the final decision of the Exchange.

7.32 Member responsibility

(A) A Member who fails to provide the Exchange upon request with details of any Authorised Terminal User shall be liable for a summary fine of two hundred and fifty dollars ($250) per Business Day for each day the Authorised Terminal User is not so notified.

(B) Such fine shall be paid to the Exchange upon service of an assessment from the Compliance Department.

(C) Three (3) breaches of this Rule within one (1) calendar year is sufficient cause for formal disciplinary action to be taken.

7.33 Sanctions against Authorised Terminal Users

(A) The CCO or his designee shall have the power and authority to inquire into and to investigate the employment and conduct of, and functions performed by, all Authorised Terminal Users, whether employees or agents of Members.

(B) Penalties resulting from formal disciplinary proceedings against an Authorised Terminal User may be imposed as a result of a Notice of Settlement or by a Decision of a Hearing Panel and may include:

(1) suspension or permanent revocation of authority as an Authorised Terminal User; and/or

(2) a fine not to exceed fifty thousand dollars ($50,000) for each Rule breach.

(C) Members shall be responsible for any fine issued to their employees during their tenure pursuant to this Rule, provided however that a Hearing Panel may waive such responsibility if it determines that the Member did not have knowledge of the employee's conduct, and that a substantial injustice would result from imposing responsibility for a fine on the Member.

7.34 Summary fines: payment and appeals

(A) Summary fines imposed pursuant to Rule 7.322 shall be payable to the Exchange within ten (10) Business Days of notice of such fine being given to the employee or Member.

(B) Any summary fines may be appealed to the Disciplinary Committee by filing a written request with the Compliance Department within ten (10) Business Days of service of the warning letter and/or the Notice of Fine. The request should set out the reason for the appeal and attach any relevant documents. The Disciplinary Committee shall adopt procedures in accordance with Rule 7.27, modified as it deems appropriate to the circumstances of the case before it. It shall affirm, modify or reverse the penalty appealed and shall issue its decision in writing within thirty (30) Business Days of the appeal.

7.35 Member summary suspension

(A) If, at any time, the CEO or his designee or the CCO or his designee has a reasonable belief that immediate action is necessary to protect the best interests of the Exchange, he may suspend,

or take other summary action against, an individual or entity that is subject to the jurisdiction of the Exchange. Such action may be taken in circumstances including but not limited to, the following:

(1) notification of any suspension, expulsion, revocation or restriction of Membership or trading privileges, through an adverse determination, voluntary settlement or otherwise, by any court, commodity or securities exchange or related clearing organisation, the DFSA or any other regulator, or any other regulatory or self-regulatory or other business or professional association;

(2) notification of other DFSA action against an individual or firm (based on an individual's actions);

(3) notification of any finding of guilt to a crime involving fraud, deceit, theft, embezzlement, gambling or other such act; or

(4) upon application by the Compliance Department, any other circumstance where the CEO or his designee determines there is a reasonable basis to believe that the Respondent:

(a) has committed a breach of the Rules constituting a Major Offence involving honesty or integrity; and

(b) is reasonably likely to do so again unless summary action is taken.

(B) Any suspension or other summary action taken pursuant to this Rule shall be taken in accordance with the following procedure:

(1) any action under this Rule may be taken without notice or a hearing, where the Respondent waives notice or hearing, or when the CEO or his designee or the CCO or his designee determines, in his sole discretion, that the furnishing of notice or an opportunity for a hearing, or both, before such suspension or other summary action is taken, is not practicable under the circumstances;

(2) whenever practicable, the Respondent shall be served with a notice before any action is taken;

(3) such notice shall state the circumstance giving rise to the summary action and the date, time and place of the hearing, and shall notify the Respondent of the right to legal representation at such hearing and all subsequent proceedings;

(4) in any case where the CEO or his designee or the CCO or his designee has taken action against the Respondent without prior notice or hearing because of impracticability, the Exchange shall promptly give the Respondent notice of:

(a) the action taken;

(b) the reasons for it being taken;

(c) the effective date, time and duration of the action; and

(d) that, upon written request by a specified date, a hearing will be held to determine if action was and is necessary to protect the best interest of the Exchange.

(C) Any hearing held pursuant to this Rule shall be before a panel of the Disciplinary Committee. The panel shall adopt procedures in accordance with Rule 7.19, modified as it deems appropriate, provided however that for actions taken as a result of paragraphs (A)(1), (2) or (3) of this Rule, paragraph (A)(7) of Rule 7.199 shall not apply.

(D) Promptly following the hearing provided for in this Rule, the hearing panel shall issue a written decision and shall provide a copy of the decision to the Respondent.

(E) The decision shall include:

(1) a description of the summary action taken;

(2) the reasons for the summary action;

(3) a brief summary of the evidence produced at the hearing;

(4) its findings and conclusions;

(5) a determination that the summary action should be affirmed, modified or reversed; and

(6) a declaration of any action to be taken and the effective date and duration of such action.

(F) A Respondent against whom summary action has been taken pursuant to this Rule may appeal such action to the Appeal Committee, which shall adopt procedures in accordance with Rules 7.23 to 7.27, modified as it deems appropriate.

(G) Any decision of the Appeal Committee is the final decision of the Exchange and shall be effective immediately upon being served upon the Respondent.

(H) A Respondent suspended under this Rule may apply for reinstatement at any time within one (1) year of the date of his suspension, but thereafter may not apply to be reinstated.

(I) Any application for reinstatement shall be filed with the Membership Department. Written notice of the time and place of the meeting of the Board at which the application for reinstatement is to be considered shall be sent to the suspended Member and to the Membership Department not less than five (5) Business Days prior to the meeting. The vote of a majority of the Board present and voting is required to reinstate the suspended Member.

7.36 Summary procedures for denial of access to the Trading Platform

(A) The following events (each a **Failure**) shall be grounds for summary denial of access to the Trading Platform:

(1) any representation, warranty or covenant of a Member ceases to be true and accurate;

(2) an Authorised Terminal User fails to comply with any Rule which applies to them;

(3) a Member or Authorised Terminal User uses the Trading Platform from a jurisdiction other than those permitted by the Exchange;

(4) a Member fails to maintain a clearing arrangement acceptable to the Exchange;

(5) a Member fails to pay the Exchange the fees due on any transaction as provided by the applicable fee schedule; or

(6) as a result of any other conduct by a Member or Authorised Terminal User, the Exchange considers it necessary to take action to protect the Exchange, its markets or other Members or Customers.

(B) In the event of such a Failure, the Exchange may, without limitation, take any or all of the following actions:

(1) terminate or restrict a Member's access to the Trading Platform;

(2) close out all of a Member's open positions;

(3) cancel any or all of the orders entered by an Authorised Terminal User into the Exchange;

(4) treat any or all of a Member's obligations to the Exchange as immediately due and payable; and

(5) set off any obligations of the Exchange to a Member against any of that Member's obligations to the Exchange.

(C) Actions taken pursuant to paragraph (B) of this Rule shall be the final action of the Exchange if the Member or Authorised Terminal User does not request a review when and as hereinafter provided.

(D) The CEO or his designee or the CCO or his designee shall determine when a Failure has occurred and any summary action that will be taken by the Exchange without prior notice to the Member or Authorised Terminal User or a hearing. The Exchange shall provide the Member or Authorised Terminal User with written notice of a summary action via electronic mail or facsimile communication, which shall be sent to the Member or Authorised Terminal User in accordance with the current contact information on file at the Exchange for the Member or Authorised Terminal User, and such notice shall be deemed to be received by the Member or Authorised Terminal User upon successful transmission of a facsimile communication or, in the case of an electronic mail communication, one (1) Business Day following an electronic mail message. Such notice shall specify the date of the Failure for which the summary action is being imposed and the provisions of any applicable agreement or other basis for the summary action. Within ten (10) Business Days of receipt of the notice, the Member or Authorised Terminal User may submit a written request to the Exchange to review the summary action taken and any such request shall specify the basis for such a review.

(E) The chairman of the relevant Board committee shall appoint a Hearing Panel to hear and consider a request for review made pursuant to paragraph (G) of this Rule at a hearing to be held promptly after the Exchange has received such a request.

(F) The Hearing Panel shall follow procedures in accordance with Rule 7.27, modified as it deems appropriate. A hearing pursuant to this Rule may, at the discretion of the Hearing Panel, be conducted by telephone.

(G) The Hearing Panel shall issue a written decision containing the following:

(1) a description of the Failure and summary action taken by the Exchange as provided in paragraphs (A) to (F) of this Rule;

(2) a summary of the evidence produced at the hearing;

(3) a statement of its findings and conclusions with respect to the Failure; and

(4) its conclusion concerning whether the summary action was appropriate or its imposition of a different summary action, if any.

Such decision shall be the final action of the Exchange and shall not be subject to further appeal within the Exchange.

(H) A Member or Authorised Terminal User suspended or terminated from access to the Trading Platform pursuant to this Rule may apply for reinstatement if at the time of the application the Member or Authorised Terminal User can demonstrate compliance with all material terms of applicable agreements with the Exchange. The determination of such compliance and possible readmission shall be made by and is within the sole discretion of the CEO.

(I) Failure of a Member to comply with Rule 4.3(A)(3) will result in immediate suspension of such Member's membership privileges on the Exchange (and the privileges of any successor to such Member) until the Member complies with those reporting requirements in all respects. Such

compliance includes the filing of all returns that were required to have been filed under section 6045 of the United States Internal Revenue Code but were not filed or were filed improperly. Failure of a Member to comply with Rule 4.8(G)(3) will result in immediate suspension of such Member's membership privileges on the Exchange (and the privileges of any successor to such Member) until the Member complies with those reporting requirements in all respects.

(J) Suspension and denial of access under paragraph (I) of this Rule may be appealed in accordance with the appeal provisions in Rule 7.35 provided that such an appeal may only be directed at determining whether the Member is failing to comply with its obligations under Rule 4.3(A)(3) and/or Rule 4.8(G)(3) or that such obligations do not apply to that Member. There may be no appeal on a ground that suspension and/or denial of access is/are not an appropriate remedy notwithstanding a failure to comply with such obligations.

(K) Neither paragraphs (H) and (I) of Rule 7.35 nor paragraphs (C) to (H) of this Rule shall apply in respect of any suspension and denial of access under paragraph (I) of this Rule.

(L) Nothing in this Rule 5 shall preclude any action against a Member pursuant to the Rules.

7.37 Notification of Final Disciplinary Action involving financial harm to a Customer

(A) For the purposes of this Rule, **Final Disciplinary Action** means any decision by or settlement with the Exchange in a disciplinary matter which cannot be further appealed at the Exchange.

(B) Upon a Final Disciplinary Action in which the Exchange finds that a Member has committed a Rule breach that involved a transaction for a Customer, whether executed or not, which resulted in financial harm to the Customer:

(1) If the Member is not a Clearing Member, the Exchange shall promptly provide written notice of the disciplinary action to the Clearing Member that cleared the transaction;

(2) a Clearing Member that receives a notice under paragraph (B)(1) of this Rule shall promptly provide written notice of the disciplinary action to the Customer as disclosed on its books and records; and

(3) if the Customer is another Clearing Member, such Clearing Member shall promptly provide the notice to the Customer as disclosed on its books and records.

(C) A written notice required by paragraph (B) of this Rule must include:

(1) the principal facts of the disciplinary action;

(2) a statement that the Exchange has found that the Member has committed a Rule breach that involved a transaction for the Customer, whether executed or not; and

(3) a statement that the Rule breach resulted in financial harm to the Customer.

7.38 Notification to the DFSA of Disciplinary Action

(A) The Compliance Department shall forthwith notify the DFSA of any disciplinary action taken under this Chapter 7, together with a statement of the reason(s) why such disciplinary action was taken.

(B) The Compliance Department shall forthwith notify the DFSA:

(1) of any appeal made pursuant to either Rule 7.23 or Rule 7.34; and

(2) of the outcome of such appeal.

Chapter 8 Default Rules

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8.1 Prevalence of Default Rules

(A) These Default Rules are without prejudice to other Rules relating to Market Contracts, but in the event of any inconsistency between these Default Rules and any other such Rule or the terms of any Exchange Contract or any other Market Contract, these Default Rules shall prevail.

(B) Neither the Board nor any designated official empowered under Chapter 4 to take action in the event of any Emergency will be prevented from doing so as a result of action being taken under these Default Rules.

(C) These Default Rules apply only in respect of Market Contracts and do not apply to contracts in the terms of Exchange Contracts to which the Clearing House is a party, which will be subject to the default rules of the Clearing House.

(D) The Board's determination as to whether any contract in the terms of an Exchange Contract is a Market Contract for the purposes of any action taken under these Default Rules shall be final and binding on each party to such contract.

(E) For the purposes of Article 38 of the Personal Property Law and Section 7.1 of the Insolvency Regulations, these Default Rules are intended to relate to the finality of acquisitions and dispositions effected pursuant to these Rules.

8.2 Consultation with the Clearing House and co-operation with other bodies

(A) Before taking any action under these Default Rules in respect of any default, the Board will, where possible, consult with the Clearing House to establish a co-ordinated approach to managing that default.

(B) The Board may consult with any other relevant Person before or after taking any action under these Default Rules, including (without limitation) the DFSA, any other regulatory or government body, any Authorised Market Institution or Recognised Body or any exchange or clearing house otherwise approved by the DFSA or by any other regulatory body or any relevant office-holder.

(C) The Board may disclose any details or pass any information in its possession relating to a Defaulter or in connection with any default proceedings contemplated or carried out under these Default Rules to, and otherwise co-operate with, the Clearing House, the DFSA, any other regulatory or government body, any Authorised Market Institution or Recognised Body or any exchange or clearing house approved by the DFSA or by any other regulatory body or any relevant office-holder.

8.3 Default Committee

(A) The Board may delegate all or any of its duties and powers under these Default Rules, to a committee (the **Default Committee**) consisting of such employees or officers of the Exchange as the Board considers fit and proper.

(B) The Board or the Default Committee may engage the services of any professional advisor to assist and advise it in taking any action under these Default Rules.

8.4 Designated Non-Members

(A) DEA Customers are Designated Non-Members for the purposes of these Default Rules in respect of contracts in the terms of Exchange Contracts which arise or to which they become a party pursuant to Rule 6.26 or otherwise under the Rules as a result of acting as a DEA Customer.

(B) All contracts that are formed as a result of Rule 6.26 are subject to the Default Rules and all Members (including Clearing Members) and Designated Non-Members are subject to these Rules in making such contracts.

(C) The Board:

(1) may from time to time designate any Person or category of Persons as a Designated Non-Member or Designated Non-Members or withdraw any such designation;

(2) shall take such steps to notify any such Person of any such category or withdrawal as it considers appropriate to ensure prompt notification;

(3) where it designates or withdraws any category of Persons as Designated Non-Members, shall take such steps to ascertain which Persons fall within such category as it considers appropriate; and

(4) where it has made any such designation, shall keep the appropriateness and suitability of that designation under review.

(D) In determining whether to designate (or withdraw the designation) of any Person or category of Persons, the Board shall consider whether failure by any such Person or category of Persons to meet its obligations under one or more Market Contracts would be likely adversely to affect the operation of the Exchange.

(E) If the Board considers that such failure by any such Person or category of Persons would be unlikely adversely to affect the operation of the Exchange, it may not so designate or allow to remain so designated any such Person or category of Persons.

8.5 Declaration of a default

(A) If an Event of Default occurs or has occurred in relation to a Member or Designated Non-Member and the Board considers (in its discretion) that it should take action under these Default Rules in respect of such Member or Designated Non-Member in the interests of the market, it shall declare such Member or Designated Non-Member to be a Defaulter.

(B) Once the Board has declared a Member or Designated Non-Member to be a Defaulter pursuant to this Rule that declaration shall remain in full force and effect until withdrawn by the Board.

(C) No Member or Designated Non-Member may enter into any contract in the terms of an Exchange Contract with a Defaulter while a declaration of default is in force in relation to that Defaulter, and no Defaulter may enter into any such contract with any Person at such time, other than in accordance with an instruction to do so given by the Board under these Default Rules.

(D) As soon as reasonably practicable after a declaration of a default or a decision is made or action is taken under these Default Rules in respect of a Defaulter, the Board shall take such steps as it considers appropriate to notify:

(1) the Defaulter and each other party to any unsettled Market Contract to which the Defaulter is party as principal of the default, such declaration and of any decision or action taken under these Default Rules in respect of any such unsettled Market Contract; and

(2) where the Defaulter acted as agent for a principal in respect of any unsettled Market Contract, the parties to such unsettled Market Contract (including such principal) of the default, such declaration and each other's identities.

8.6 Event of Default

(A) In these Default Rules an (**Event of Default**) means, without limitation, any event or circumstance in relation to a Member or Designated Non-Member which in the Board's opinion has the effect that such Member or Designated Non-Member would be, or would appear to be, unable or likely to become unable to discharge any of its obligations under or in respect of any Market Contract.

(B) Without prejudice to the generality of the foregoing, the Board may consider the occurrence of any of the following in relation to a Member or Designated Non-Member as an Event of Default:

(1) failure by a Member or Designated Non-Member to discharge, perform or comply with any obligation (including but not limited to any obligation to make payment or make or accept delivery) under the terms of a Market Contract;

(2) failure by a Member or Designated Non-Member to satisfy any obligation to provide margin to any Person in connection with a Market Contract;

(3) an Insolvency Event occurring in relation to a Member or Designated Non-Member except where such event occurs for the purposes of a reconstruction or amalgamation by such Member or Designated Non-Member, the terms of which have been previously approved by the Board in writing;

(4) the Member or Designated Non-Member failing to comply with any financial requirements or limits imposed on them under the Rules or the Clearing House Rules, as the case may be;

(5) the Member or Designated Non-Member being, or being declared, in default or a Defaulter under the Clearing House Rules, the rules of any Authorised Market Institution or Recognised Body or the rules of any other investment exchange or clearing house or body which provides clearing or settlement services;

(6) the Member or Designated Non-Member being declared in breach of the Rules or the Clearing House Rules, the rules of any Authorised Market Institution or Recognised Body or the rules of any other investment exchange or clearing house or body which provides clearing or settlement services or being refused an application for membership of or suspended or expelled from membership of any such exchange or clearing house;

(7) the Member or Designated Non-Member being refused membership of, or being suspended or expelled from membership of, or authorisation by, a regulatory body or a regulatory body taking or threatening to take any action in relation to it or taking or threatening to exercise any powers it has to restrict or prohibit the Member or Designated Non-Member from entering into transactions or carrying on its business or dealing with its assets;

(8) any licence, authorisation, consent or registration at any time necessary to enable a Member or Designated Non-Member to comply with his obligations to any Person in respect of its activities on the Exchange, including without limitation to DME, to the Clearing House or to any other Member or Designated Non-Member or to carry on its business in the normal course being revoked, withheld or materially amended or failing to be granted or perfected or ceasing to remain in full force and effect;

(9) a Member or DEA Customer failing to satisfy the Board (or the Default Committee) at any time that it meets any minimum financial resources or other financial requirement upon it; or

(10) a Clearing Member failing to satisfy the Clearing House Board at any time that it meets any minimum financial resources or other financial requirement for membership of the Clearing House,

and where any such event or circumstance occurs in relation to a Person who is a partner in a partnership or otherwise part of an unincorporated association, it shall be taken to have occurred in relation to such partnership or association.

8.7 Default proceedings

(A) If a Member or Designated Non-Member is declared to be a Defaulter in accordance with Rule 8.5, the Board take any one or more of the actions referred to in Rule 8.8 as it considers appropriate in its absolute discretion.

(B) The Board shall exercise its powers under paragraph (A) of this Rule with a view to ensuring that, in respect of each unsettled Market Contract to which the Defaulter and another Person are each party as principal:

(1) all rights and liabilities are discharged between the Defaulter and such other Person and that a Default Settlement Amount is determined in accordance with these Default Rules in respect of each such unsettled Market Contract;

(2) all such Default Settlement Amounts are aggregated in accordance with Rule 8.9 to produce a Net Default Settlement Amount (if any) payable between the Defaulter and such Person, by one to the other; and

(3) each Net Default Settlement Amount, once determined, is certified by the Board in accordance with Rule 8.9.

(C) The Board shall not be required (but may determine) to take any step under Rule 8.8 in respect of margin or arising from a failure by a party to a Market Contract to perform its obligations under such contract.

8.8 Actions which may be taken on a default

(A) The actions which the Board may take under paragraph (A) of Rule 8.7 are set out in paragraphs (B) to (I) of this Rule and, for the avoidance of doubt, the Board may take more than one such action in respect of the same unsettled Market Contract.

(B) **Prohibition**. The Board may prohibit a Defaulter from entering into any Market Contracts at any time from the date on which the Board declares such Person to be a Defaulter until such time as the Board may determine and may prohibit Members and Designated Non-Members from entering into any further Market Contracts with such Defaulter.

(C) **Performance**. The Board may direct (where appropriate with the consent of the Relevant Office-Holder) that any or all unsettled Market Contracts to which a Defaulter is a party as principal is or are settled by performance of the rights and obligations of the parties in accordance with the terms of such contracts.

(D) **Transfer of Positions.** The Board may direct, to facilitate the transfer to a Member or Designated Non-Member of any position constituted by any unsettled Market Contract between a Defaulter and another party, each acting as principal, that:

(1) the position be closed out in accordance with paragraph (F) of this Rule; and

(2) there be made or deemed to be made:

(a) a contract (**new contract**) on the same terms as the unsettled Market Contract between such Member or Designated Non-Member and such other party (where

each such party consents) at such price or premium as the Board may determine; and

(b) where the position is to be transferred to a Member which is not a Clearing Member, an additional contract (an **additional contract**) on the same terms as the new contract between the relevant Member and a Clearing Member (which agrees to act as such), save that if the Member acts as buyer or seller in respect of the new contract, the Clearing Member shall act as such in respect of the additional contract.

(E) **Exercise/Expiry of Options.** The Board may direct that any Market Contract in the terms of an Option between a Defaulter and another party, each acting as principal:

(1) be (or be deemed to be) exercised, where such Option is exercisable by or on behalf of the Defaulter, on a Trading Day on which such Market Contract may be exercised under its terms; or

(2) shall expire without being (or being deemed to be) exercised.

(F) **Close-out**. The Board may direct that any position constituted by an unsettled Market Contract between a Defaulter and another party, each acting as principal, may be closed-out by:

(1) the making of a Corresponding Contract (or of a Spread comprising two (2) or more Corresponding Contracts) between the Defaulter and such other party (executed in accordance with the Rules by a Member and then allocated to such Defaulter); or

(2) by a reversal of entries in the Defaulter's books of account at a price or premium (if any) to be determined by the Board in its absolute discretion and in determining any such price or premium the Board may have regard (without limitation) to any of:

(a) the current market price or premium for contracts in the terms of the relevant unsettled Market Contract which is being closed out (or the current differential for any Spread constituted by two (2) or more such unsettled Market Contracts) or for any Future, Option or Spread which would be required to close out any such position;

(b) the most recent Marker Price or Marker Premium for any such contract;

(c) any price or premium at which any contract in the terms of an Exchange Contract between the Defaulter and the Clearing House, which matches or corresponds to the relevant Market Contract, has been closed out by the Clearing House under the Clearing House's default arrangements (or any relevant average of any such prices or premium in respect of two or more such Market Contracts); and

(d) any other price, premium or factor which the Board considers appropriate having regard to market conditions.

(G) **Set-off**. The Board may direct that any unsettled Market Contracts between a Defaulter and another party, each acting as principal and in the same capacity (for the purposes of Rule 8.15), where such contracts are on the same terms save as to price, may be settled (in whole or in part) by setting off such contracts against each other.

(H) **Further or Other Action.** The Board may take any further or other action in respect of any Market Contract to which a Defaulter is a party as principal, to achieve any of the purposes set out in Rule 8.7.

(I) **Default Settlement Amount.** After taking any one or more of the actions set out in this Rule in respect of any unsettled Market Contract, the Board may direct that all rights and obligations under such Market Contract be deemed to have been discharged and replaced by an obligation on one party to such Market Contract to pay the other a default settlement amount (**Default Settlement Amount**), as determined by the Board by reference to:

(1) where such unsettled Market Contract is directed to be performed in accordance with paragraph (C) of this Rule, the terms of such unsettled Market Contract;

(2) where the position constituted by such unsettled Market Contract is closed out in accordance with paragraph (F) of this Rule, the difference (if any) between:

(a) the price or premium in respect of such unsettled Market Contract; and

(b) the price or premium of the Corresponding Contract made in relation to it in accordance with paragraph (F)(1) of this Rule or the price or premium determined by the Board in accordance with paragraph (F)(2) of this Rule;

(3) where such unsettled Market Contract is set-off against another unsettled Market Contract in accordance with paragraph (G) of this Rule, the difference (if any) between the prices of such unsettled Market Contracts; and

(4) in any other case, such price, premium or factor as the Board may determine in its absolute discretion,

and the Board may take into account the amount of any arbitration award or judgment given in connection with any dispute or claim in respect of such Market Contract, any amounts due and payable but unpaid between the parties to such contract, and provided that, where such parties have entered into a separate agreement which provides that such unsettled Market Contract be terminated and liquidated so that a single sum would be determined or payable in respect of it, the Board may determine the Default Settlement Amount for such unsettled Market Contract as or by reference to such single sum.

(J) Any Default Settlement Amount determined in relation to an unsettled Market Contract by the Board in accordance with paragraph (I) of this Rule shall be final and binding on all parties to such Market Contract.

8.9 Calculation and certification of Net Default Settlement Amounts

(A) Subject to paragraphs (B) and (C) of this Rule, the Board shall draw up an account of all unsettled Market Contracts between a Defaulter and each other party to such contracts by:

(1) including in such account each Default Settlement Amount, determined in accordance with Rule 8.8 in respect of such unsettled Market Contracts;

(2) crediting or debiting each such Default Settlement Amount to such account, according to whether such amount was determined to be payable to or by the Defaulter;

(3) performing any currency conversion in respect of any such Default Settlement Amount as the Board may consider necessary or desirable at the rate of exchange determined by the Board;

(4) aggregating and setting off against each other all credits and debits in such account, so as to result in a single net sum (the **Net Default Settlement Amount**) payable to or by the Defaulter by or to other party in respect of all such unsettled Market Contracts, and

the Board shall certify such Net Default Settlement Amount for the purposes of Rule 8.7.

(B) The Board shall not be required to draw up any account in respect of (or include in any account drawn up under this Rule) any unsettled Market Contracts of which it does not have actual notice within three (3) months of the date on which the Defaulter is declared to be a Defaulter under Rule 8.5.

(C) Where any Person is party to two (2) or more Market Contracts acting in more than one (1) capacity (for the purposes of Rule 8.15), such Market Contracts entered into in each different capacity shall be regarded as if they were entered into by different Persons and, for the avoidance of doubt, a Defaulter, Member or Designated Non-Member acting for an account which is or is required to be segregated or held for the benefit of a Customer or group of

Customers shall be regarded as acting in a different capacity to that in which it acts for its proprietary account and the Board shall draw up separate accounts under this Rule accordingly.

(D) Where the Board certifies any Net Default Settlement Amount under this Rule, it shall note in such certification any dispute or claim of which it has notice in respect of or in connection with any unsettled Market Contract included in the account drawn up for the purposes of certifying such net amount. The Board may direct that such net amount shall not be payable by or to the Defaulter until the resolution of any such dispute or claim unless the Relevant Office-Holder (or, if there is no Relevant Office-Holder, the Defaulter) and the other party to the relevant unsettled Market Contract agree.

(E) Any Net Default Settlement Amount certified by the Board pursuant to this Rule shall be final and binding on all parties to the unsettled Market Contracts in respect of which it is made.

(F) No action taken by the Board under Rule 8.8 or this Rule shall prejudice any dispute or claim referred to arbitration or the court, or any Person's right to do so, in respect of any failure by either party to an unsettled Market Contract to perform its obligations under such contract.

(G) If there is any dispute about whether or not any unsettled Market Contract to which a Defaulter is (or purports to be) a party was made or about the terms of any such contract, the Board may direct that the parties refer such dispute to arbitration in accordance with the Arbitration Rules, and any Default Settlement Amount determined by the Board in respect of such unsettled Market Contract shall be taken into account in any award arising from such arbitration.

(H) When the Board has completed taking action under these Default Rules and has certified Net Default Settlement Amounts in respect of all unsettled Market Contracts to which the Defaulter is a party as principal, the Board shall withdraw the declaration made under Rule 8.5.

8.10 Notification by Members and Designated Non-Members

(A) As soon as any Member or Designated Non-Member becomes aware of the occurrence of any Event of Default in relation to it, it must immediately notify the Board of such Event of Default.

(B) As soon as a Defaulter becomes aware that any party to an unsettled Market Contract to which such Defaulter is a party (as principal or as agent) disputes or intends to dispute any aspect of such unsettled Market Contract or that any claim has arisen in respect of it which is or is intended to be referred to arbitration or court proceedings, the Defaulter shall immediately notify the Board of such dispute or claim and provide further information as the Board may require.

8.11 Powers

(A) Any employee, officer or agent of DME authorised by the Board may, for the purposes of implementing these Default Rules at any time and without giving prior notice enter the premises occupied or belonging to any Defaulter to examine, take or copy from any records of such Defaulter (including without limitation computer records, records in paper form, records relating to accounting, internal and external audit and trading and Customer records) and to operate any systems (including accounting or computing systems) of the Defaulter and reproduce data with a view to obtaining:

(1) names and contact details of Customers of the Defaulter (if the Defaulter acted for any Customers);

(2) details of all unsettled Market Contracts to which the Defaulter is a party or which the Defaulter entered into as agent for any other Person;

(3) details of money and other property held for the account of any Customer or other third party; and

(4) any other information which the Board considers necessary or desirable for the purposes of implementing these Default Rules.

(B) The Defaulter shall, and shall ensure that its Customers are required to, co-operate fully at all times with the Board and promptly provide such information as the Board or any such employee, officer or agent may request in connection with any action taken or to be taken under these Default Rules.

8.12 Costs

A Defaulter shall fully indemnify DME for its costs and expenses (including without limitation administrative costs incurred, the costs of engaging any Person to assist and advise the Board or the Default Committee or of any professional fees and charges) in taking any action under these Default Rules in respect of that Defaulter's default.

8.13 Limitation of Liability

In the absence of wilful misconduct, none of the Exchange, the Clearing House, the Affiliates or either of them, the members or past members of the Board or the Default Committee or any of their respective officers, directors, members, employees, employers, agents or designees shall have any liability to any Person for conduct of the Board pursuant to these Default Rules.

8.14 Amendment

The Board may amend, supplement or revoke any provision of these Default Rules in accordance with the provisions of Rules 4.24 to 4.26. Any such amendment, supplement or revocation shall take effect, unless otherwise expressed, with respect to any default proceedings being conducted at the time.

8.15 References to parties to Market Contracts

(A) References to a Market Contract to which a Person is a party include (unless the context requires otherwise) contracts to which he is party as agent.

(B) In relation to a Market Contract:

(1) which is effected as principal by a Member or Designated Non-Member; and

(2) who is acting for an account which is or is required to be segregated or held for the benefit of a Customer or group of Customers (including, but not limited to, pursuant to applicable client money rules),

such Member or Designated Non-Member shall be regarded as acting in a different capacity to that in which it acts for its proprietary account.

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 and DEA Customer irrevocably agrees for the benefit of DME, and subject to paragraphs (B) to (D) of this Rule, 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 shall limit the right of DME in respect of any such dispute, claim, grievance or controversy to take proceedings against a Member or DEA Customer or an employee or agent thereof in any court of competent jurisdiction.

(C) Any dispute, claim, grievance or controversy involving CME 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 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.

Chapter 10 DME Oman Crude Oil Futures Contract

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10.1 Scope

The provisions of Chapter 10 (which include the Appendices) shall apply to all contracts bought or sold on the Exchange for future delivery of Oman crude oil of normal export quality.

10.2 Definitions

For the avoidance of doubt, terms defined in Chapter 1 of these Rules that are used in this Chapter 10 shall have the meanings given to them in Chapter 1 of these Rules. For the purpose of this Chapter 10, the following terms shall have the following meanings, unless the context otherwise requires:

(1) **Alternative Notice of Intention to Deliver** has the meaning given to it in Rule 10.14 (A).

(2) **Appellant** has the meaning given to it in Rule 10.18(A).

(3) **Barrel** means forty-two (42) US standard gallons of two hundred and thirty-one (231) cubic inches per gallon corrected for temperature to sixty (60) degrees Fahrenheit.

(4) **B/L Details** has the meaning given to it in Rule 10.15.(E)

(5) **Buyer Clearing Member** means, in relation to a Contract to which the Clearing House is party, the long Clearing Member.

(6) **Buying Customer** means the customer of a Buyer Clearing Member or such Buyer Clearing Member if the Buyer Clearing Member is acting for its own account.

(7) **Clearing Business Day** means a day on which the Clearing House is open for the processing and clearing of Exchange Contracts.

(8) **Confirmation Notice** has the meaning given to it in Rule 10.15(E).

(9) **Contract Value** has the meaning given to it in Rule 10.4.

(10) **Crude Lifting Procedures** means the procedures for the lifting of Oil at the Loading Port promulgated by the Terminal Operator, as the same may be amended from time to time.

(11) **Customer** means a Buying Customer or Selling Customer.

(12) **Delivery Committee (DC) Administrator** means a Person selected from time to time by the Clearing House and the Exchange to perform the duties allocated to the DC Administrator in this Chapter 10.

(13) **Delivery Documents** has the meaning given to it in Rule 10.15(F).

(14) **Delivery Month** means the month in which the Oil is to be delivered and received as specified by the Exchange.

(15) **Delivery Notice** has the meaning given to it in Rule 10.15(E)

(16) **Exchange Delivery Committee** or **EDC** has the meaning given to it in Rule 10.17.

(17) **EDC Chairman** has the meaning given in Rule 10.17

(18) **EDC Hearing** has the meaning given in Rule 10.17.

(19) **Failure to Perform** means in respect of a Buyer Clearing Member or Seller Clearing Member, its failure or that of its Customer to perform its obligations for the purposes of making or taking delivery of Oil in accordance with the terms of the Contract other than as a result of a Force Majeure Event, and **Failed to Perform** shall be construed accordingly.

(20) **Final Marker Price** has the meaning given to it in Rule 10.9

(21) **Floating Storage** means approximately 2.1 million barrels in aggregate of floating storage capacity on board Oman Shipping Company S.A.O.C. VLCC which is to be operated by Oman Tank Terminal Company in Omani waters.

(22) **Floating Storage Operator (FS Operator)** means Oman Tank Terminal Company L.L.C. (OTTCO) or its successor as operator of the Floating Storage**.**

(23) **Force Majeure Event** means any circumstance (including but not limited to a strike, lock-out, national emergency, governmental action, or act of God) which is beyond the reasonable control of the affected Clearing Member and its Customer, and which prevents such Clearing Member or Customer from performing its respective obligations for the purposes of making or taking delivery of Oil in accordance with the terms of the Contract or Physical Contract.

(24) **Hearing Date** has the meaning given to it in Rule 10.17(D).

(25) **ISPS Code** means the International Ship and Port Facility Security Code and the relevant amendments to Chapter XI of SOLAS.

(26) **Laydays** means those days that are the accepted days for loading a Parcel.

(27) **Letter of Indemnity** means a letter of indemnity in the form set out in Appendix B to this Chapter 10.

(28) **LIBOR** means the London Interbank Offered Rate for one (1) month US dollar deposits displayed on the appropriate page of the Reuters screen as of the date any amount owing hereunder falls due or, if no such rate is available for such period, the rate quoted by Barclays Bank PLC for one (1) month US dollar deposits to leading banks in the London interbank market.

(29) **Loading Point** means the Mina Al Fahal Terminal, Muscat, Sultanate of Oman and/or Floating Storage in Oman waters.

(30) **Loading Port** means the Mina Al Fahal Port, Muscat, Sultanate of Oman **Non Confirmation Notice** has the meaning given to it in Rule 10.15(E).

(31) **Notice** has the meaning given to it in Rule 10.11(C)

(32) **Notice of Appeal** has the meaning given to it in Rule 10.18(A)(B)

(33) **Notice of Assessment** has the meaning given to it in Rule 10.17(I)

(34) **Notice of Hearing** has the meaning given to it in Rule 10.17(D).

(35) **Notice of Intent to Arbitrate** has the meaning given to it in Rule 10.19(B)

(36) **Notice of Intention to Accept** has the meaning given to it in Rule 10.11(A)

(37) **Notice of Intention to Deliver** has the meaning given to it in Rule 10.11(B)

(38) **Notice of Intention to Deliver from Floating Storage** has the meaning given to it in Rule 10.11 (C).

(39) **ODC** means the Oman Delivery Committee which shall be formed for the purposes of Rule 10.17 and 10.18.

(40) **ODC Administrator** means a Person selected from time to time by the Clearing House and the Exchange to perform the duties allocated to the ODC Administrator in this Chapter 10.

(41) **ODC Chairman** has the meaning given to it in Rule 10.18(G).

(42) **ODC Hearing** has the meaning given to it in Rule 10.18(E).

(43) **ODC Panel** has the meaning given to it in Rule 10.18(H).

(44) **ODC Panellist** has the meaning given to it in Rule 10.8(H).

(45) **Oil** means crude oil for delivery F.O.B. at the Loading Point pursuant to a Contract.

(46) **Oman Futures Contract** or **Contract** means the DME Oman Crude Oil Futures Contract formed under Rule 6.26 and which includes the terms set out in this Chapter 10.

(47) **OSC means Oman Shipping Company.**

(48) **Parcel** has the meaning given to it in Appendix A.

(49) **Party** means:

(a) in the Physical Delivery Procedures, a Selling Customer or a Buying Customer; and

(b) in all other cases, a Seller Clearing Member or a Buyer Clearing Member.

(50) **Payment Date** has the meaning given to it in Rule 10.15(F)

(51) **Physical Contract** has the meaning given to it in Rule 10.12(A).

(52) **Physical Delivery Procedures** means Appendix A to this Chapter 10.

(53) **Prior Month** means the month immediately prior to the Delivery Month.

(54) **SBM** means Single Buoy Mooring

(55) **Seller Clearing Member** means in relation to a Contract to which the Clearing House is party, the short Clearing Member.

(56) **Selling Customer** means the customer of a Seller Clearing Member or such Seller Clearing Member if the Seller Clearing Member is acting for its own account.

(57) **Selling Customer's Invoice** has the meaning given to it in Rule 10.15(F).

(58) **Selling Customer's Suppliers** means any Person being a direct or indirect source of supply for the Selling Customer.

(59) **Singapore Business Day** means a day (other than a Saturday or Sunday) on which banks in Singapore are open for the normal conduct of banking business.

(60) **STS Transfer** means ship to ship transfer.

(61) **STS Transfer Crude Lifting Procedures** means the procedures for the lifting of Oil at Floating Storage promulgated by the FS operator, as the same may be amended from time to time.

(62) **Terminal Operator** means Petroleum Development Oman L.L.C. or its successor as operator of Mina Al Fahal Terminal.

(63) **Vessel** means the tanker receiving the Oil via SBM at Mina Al Fahal Terminal or via STS Transfer from the Floating Storage.

(64) **VLCC** means Very Large Crude Carrier

10.3 Grade and Quality Specifications

The Oil must be the same quality as the oil generally being supplied at the Loading Point at the time of loading. This Rule constitutes the whole of Selling Customer's and Seller Clearing Member's obligations with respect to the quality of Oil to be supplied and (to the extent permitted by law) all statutory or other conditions or warranties with respect to the description, merchantability or quality of the Oil or its fitness for any purpose are hereby excluded.

10.4 Contract Value

The contract value shall be the Final Marker Price multiplied by one thousand (1,000) multiplied by the number of Contracts to be delivered (**Contract Value**).

10.5 Contract Months

Trading shall be conducted in such Contract Months as shall be determined by the Exchange. Trading in a Contract Month shall commence on the day fixed by the Exchange.

10.6 Prices and Price Fluctuations

Prices shall be quoted in US dollars and cents per Barrel. The minimum price fluctuation shall be 1 cent ($0.01) per Barrel. There shall be no maximum price fluctuation limits.

10.7 Trading Hours

The Exchange shall determine the trading hours from time to time.

10.8 Termination of Trading

Trading in the current Contract Month shall cease on the last Trading Day of the second (2nd) month preceding the Delivery Month.

10.9 Final Marker Price

The final Marker Price for a Contract Month shall be the Marker Price for the last Trading Day of the Contract Month. The Marker Price for the last Trading Day of the Contract Month shall be determined as at 16:30 (Singapore time) using the same procedures as those set out at Rule 6.27 (the **Final Marker Price**). The Exchange shall publish the Final Marker Price on the last Trading Day of that Contract Month. The Final Marker Price will be used for purposes of margins for delivery of the Oil.

10.10 Availability for Delivery

A Seller Clearing Member shall for the purposes of the Clearing House Rules, be regarded as in a position to fulfil its contractual obligations only if, prior to one (1) hour before the close of trading in the applicable Contract Month, such Seller Clearing Member has received from the Selling Customer a certification, in the form prescribed by the Clearing House, stating that the Selling Customer has or will have in position at the Loading Point, a quantity and quality of Oil sufficient to meet the Seller Clearing Member's obligations to make delivery when and as prescribed by these Rules; provided, however, that the receipt of such certification shall not relieve the Seller Clearing Member of any obligations under any Rule of the Clearing House or the Exchange, other than the Clearing House Rules.

10.11 Procedures for Physical Delivery

(A) Notice of Intention to Accept

Clearing Members having open long positions after trading has ceased shall give the Clearing House a notice of intention to accept delivery (**Notice of Intention to Accept**) by 14:00 (New York time) on the first (1st) Clearing Business Day after the last Trading Day in the applicable Contract Month. The Notice of Intention to Accept shall be in the form prescribed by the Clearing House, shall be properly completed and signed, and shall indicate the name(s) of the Buying Customer(s), the number of Contracts to be accepted, and such additional information as may be required by the Clearing House.

(B) Notice of Intention to Deliver

Clearing Members having open short positions after trading has ceased shall give the Clearing House a notice of intention to deliver (**Notice of Intention to Deliver**) by 14:00 (New York time) on the first (1st) Clearing Business Day after the last Trading Day in the applicable Contract Month. The Notice of Intention to Deliver shall be in the form prescribed by the Clearing House, shall be properly completed and signed, and shall indicate the names of the Selling Customer(s), the number of Contracts to be delivered and any additional information as may be required by the Clearing House.

(C) Notice of Intention to Deliver from Floating Storage

Selling Customer having open short positions after trading has ceased shall give the Exchange a notice of intention to deliver from floating storage (**Notice of Intention to Deliver from Floating Storage**) immediately after expiry of the contract on the last Trading Day in the applicable Contract Month. Clearing Members having open short positions after trading has ceased shall give the Clearing House a notice of intention to deliver from floating storage (**Notice of Intention to Deliver from Floating Storage**) by 14:00 (New York time) on the first (1st) Clearing Business Day after the last Trading Day in the applicable Contract Month. The Notice of Intention to Deliver shall be sent by email to the Exchange and shall indicate the names of the Selling Customer(s), the number of Contracts to be delivered and any additional information as may be required by the Exchange.

(D) Matching Procedures and Notification

(1) The Clearing House will, pursuant to the Clearing House Rules, aggregate the positions held in respect of the same Customer by Buyer Clearing Members and Seller Clearing Members and then match the aggregate long position held in respect of a Customer by one (1) or more Clearing Members with one (1) or more aggregate short positions held in respect of one (1) or more Customers by one (1) or more Clearing Members. The criteria for matching will be determined by the Clearing House and will take into account in respect of each aggregate position:

(i) the total quantity of Oil for which the Buying Customer or Selling Customer must make or take delivery; and

(ii) whether the total quantity of Oil for which the Buying Customer or Selling Customer must make or take delivery is greater than or equal to two hundred thousand (200,000) Barrels, including whether such Barrels are a combination of OTC and Exchange traded Barrels.

(2) The Clearing House will, pursuant to the Clearing House Rules, carry out the following activities by 15:01 (New York time) on the first (1st) Clearing Business Day after the last Trading Day in the applicable Contract Month:

(i) the Clearing House will notify each Buyer Clearing Member and Seller Clearing Member of the identity of each Seller Clearing Member and Buyer Clearing Member to which it has been matched and that of each such Party's corresponding Customer;

(ii) the Clearing House will allocate Notices of Intention to Deliver and Notices of Intention to Accept (each a **Notice**) to the Buyer Clearing Member and Seller Clearing Member matched to the Party that gave the Notice.

(E) **Delivery Tolerance**

The Oil must be delivered within a loading tolerance of plus or minus zero point two percent (0.2%) from Mina Al Fahal Terminal or plus or minus zero point five percent (0.5%) for Floating Storage.

10.12 Physical Contract, Making and Taking Delivery, Risk and Title

(A) **Physical Contract**

(1) With respect to each transaction to which a Buying Customer and a Selling Customer are matched pursuant to 10.11(D), a contract shall be deemed to have arisen between such Selling Customer and Buying Customer (the **Physical Contract**) which is collateral to the Contract, governed by and construed in accordance with English law and subject to the Rules. The terms of each Physical Contract will be the obligations specified to apply to the Selling Customer and the Buying Customer in this Chapter 10. For the avoidance of doubt, the Contract shall remain in full force and effect following the creation of the Physical Contract and all rights and obligations between the Parties to the Contract shall remain intact.

(2) A Clearing Member that submits a Notice of Intention to Accept or Notice of Intention to Deliver on behalf of a Customer pursuant to Rule 10.11(A), (B), or (C) (as applicable) will be deemed to have acknowledged and agreed (as agent on behalf of such Customer) that: (a) such Customer will be legally bound to a Physical Contract with the Customer to which it is matched pursuant to Rule 10.11(D), (b) such Customer is familiar with and bound by the terms of this Chapter 10,Crude Lifting Procedures and/or STS Transfer Crude Lifting Procedures as in effect on the date of submission of the Notice of Intention to Deliver or Notice of Intention to Accept and (c) such Customer will be bound by the Crude Lifting Procedures and/or STS Transfer Crude Lifting Procedures except to the extent that such Crude Lifting Procedures and/or STS Transfer Crude Lifting Procedures conflict with the terms of this Chapter 10, in which case the terms of this Chapter 10 shall prevail.

(B) **Selling Customer's Obligations**

The Selling Customer is obliged to:

(1) subject to the terms of this Chapter 10 and for each position that has been matched pursuant to Rule 10.11(D), make delivery to the Buying Customer in respect of that match;

(2) give all notices and other communications and provide all documents required of it under this Chapter 10;

(3) make delivery in accordance with this Chapter 10 at the Loading Point on the actual Laydays determined in accordance with this Chapter 10;

(4) make delivery within a loading tolerance of plus or minus zero point two percent (0.2%) for Mina Al Fahal Terminal or plus or minus zero point five (0.5%) for Floating Storage, and if it fails to comply with such obligation for reasons other than the occurrence of a Force

Majeure Event, indemnify the Buying Customer in respect of all damages, costs, expenses and liabilities (save for indirect loss and consequential damages) incurred by the Buying Customer to its immediate contractual counterparty as a direct result of such failure;

(5) provide the documentary requirements to the Exchange as set out in Paragraph 4(A) of the Physical Delivery Procedures;

(6) insofar as delivery is not completed within the actual Laydays, pay any additional delivery fees and demurrage for which it is responsible under the Physical Contract, the Crude Lifting Procedures and/or STS Transfer Crude Lifting Procedures,or in accordance with good industry practice;

(7) comply with the terms of this Chapter 10;

(8) make delivery in accordance with applicable law; and

(9) use best efforts to mitigate any losses suffered under Rule 10.12 (C)(4).

(C) **Buying Customer's Obligations**

The Buying Customer is obliged to:

(1) subject to the terms of this Chapter 10 and for each position that has been matched pursuant to Rule 10.11(D), take delivery from the Selling Customer in respect of that match;

(2) give all notices and other communications and provide all documents required of it under this Chapter 10;

(3) take delivery in accordance with this Chapter 10 at the Loading Point on the actual Laydays determined in accordance with this Chapter 10;

(4) take delivery within a loading tolerance of plus or minus zero point two (0.2%) for Mina Al Fahal Terminal or plus or minus zero point five (0.5%) for Floating Storage, and if it fails to comply with such obligation for reasons other than the occurrence of a Force Majeure Event, indemnify the Selling Customer in respect of all damages, costs, expenses and liabilities (save for indirect loss and consequential damages) incurred by the Selling Customer to its immediate contractual counterparty as a direct result of such failure;

(5) provide the documentary requirements to the Exchange as set out in Paragraph 4(A) of the Physical Delivery Procedures;

(6) promptly take up documents and make payment in accordance with Rule 10.15;

(7) comply with the terms of this Chapter 10;

(8) take delivery in accordance with applicable law; and

(9) use best efforts to mitigate any losses suffered under Rule 10.12 (B)(4).

(D) **Crude Lifting Procedures and STS Transfer Lifting Procedures**

(1) Customers and Clearing Members shall comply with and be bound by the obligations set out in the Crude Lifting Procedures and/or STS Transfer Crude Lifting Procedures, except to the extent that such Crude Lifting Procedures and/or the STS Transfer Crude Lifting

Procedures conflict with the terms of this Chapter 10, in which case the terms of this Chapter 10 shall prevail.

(2) Any costs or expenses in respect of the Vessel including demurrage or any additional charge, fee or duty levied on the Vessel at the Loading Point and actually incurred by the Buying Customer resulting directly from the failure of the Loading Point to comply with the ISPS Code, shall be for the account of the Selling Customer, including but not limited to the time required or costs incurred by the Vessel in taking any action or any special or additional security measures required by the ISPS Code.

(3) Save where the Vessel has failed to comply with the requirements of the ISPS Code, the Selling Customer shall be responsible for any demurrage actually incurred by the Buying Customer arising from the delay to the Vessel at the Loading Point resulting directly from the Vessel being required by the Terminal Operator to take any action or any special or additional security measures or undergo additional inspections by virtue of the Vessel's previous ports of call.

(4) The Selling Customer's liability to the Buying Customer in respect of a matched delivery under this Chapter 10 for any costs, losses or expenses incurred by the Vessel, the charterers of the Vessel or the Vessel owners resulting from the failure of the Loading Point to comply with the ISPS Code shall exclude the payment of demurrage and costs not actually incurred by the Buying Customer in accordance with the provisions of this Rule 10.12 and Paragraph 5 of the Physical Delivery Procedures.

(5) No claim for demurrage shall be entertained unless the fully documented claim is received (or if not all documents are available to the Buying Customer, notice of formal claim is given by the Buying Customer with an estimate of the amount of the claim) within forty (40) days from the time and date of the bill of lading.

(6) The documentation to be submitted with the claim shall include all information required by the Terminal Operator and/or FS Operator under the Crude Lifting Procedures and/or STS Transfer Crude Lifting Procedures. Any documents not available on the date of formal claim but which the Terminal Operator and/or FS Operator requires shall be provided to the Selling Customer within eighty (80) days from the time and date of the bill of lading.

(7) The Buying Customer shall not be entitled to recover demurrage from the Selling Customer except to the extent that the Selling Customer is able to recover such demurrage from the Selling Customer's Suppliers and the Selling Customer shall not be obliged to pay any amounts in excess thereof. The Selling Customer shall however use reasonable endeavours to recover from the Selling Customer's Suppliers any demurrage for which the Buying Customer has presented a claim in accordance with the terms of the Physical Contract.

(8) If the Vessel concerned loads Oil under a Contract as well as other Oil at the Loading Point, the Selling Customer's liability to the Buying Customer under the Physical Contract in respect of that Contract shall be limited to that proportion of the total demurrage due that is equal to the ratio of the Oil loaded under the Contract in relation to the total quantity of Oil loaded on the Vessel concerned at the Loading Point.

(E) Any dispute between Customers arising from or in connection with a Physical Contract (including any dispute regarding the parties to the Physical Contract, or the formation, existence, breach or termination of a Physical Contract) that is not resolved through their Clearing Members pursuant to the procedures set forth in Rule 10.17 and Rule 10.18 shall be referred to arbitration under the Arbitration Rules as if the Physical Contract were a Contract; provided, however, that:

(1) if pursuant to Rule 10.17 an EDC has been convened, then in no event shall any Customer commence any proceedings under the Arbitration Rules until such time as the EDC has rendered its decision, direction and/or fine and either (a) the ODC has rendered its decision, direction and/or fine in respect of an EDC decision following any appeal pursuant to Rule 10.18 or (b) the time period for bringing an appeal of such EDC decision, direction and/or fine has expired. In the event any arbitration proceedings are commenced before the EDC is convened, such proceedings will be stayed until the foregoing requirements of this Rule 10.12(E)(1) are satisfied; and

(2) in any arbitration proceedings, the factual findings of the EDC or, where applicable, the factual findings established at an ODC Hearing which has reconsidered the factual findings of the original EDC Hearing (including the findings in respect of the occurrence or non-occurrence of a Failure to Perform or a Force Majeure Event) will not be subject to dispute, and in considering the matter the Tribunal (as such term is defined in Chapter 5 of these Rules) will consider such findings to have been agreed and stipulated by the Customers. For the avoidance of doubt, to the extent that there are any inconsistencies between the factual findings established by the EDC and the factual findings established by the ODC at an ODC Hearing, the factual findings established at the ODC Review Hearing shall prevail; and

(3) there shall not be pending simultaneously arbitral proceedings under this Rule 10.12(E) and Rule 10.19 with respect to the same underlying claim(s). Accordingly, no Customer shall commence any arbitration proceedings under this Rule 10.12(E) if proceedings under Rule 10.19 in respect of the same underlying claim(s) have already been commenced and in the event that, subsequent to the institution of proceedings under Rule 10.19, proceedings which are commenced with respect to the same underlying claim(s), then the proceedings under this Rule 10.12(E) will be stayed insofar as they relate to the same underlying claim(s) at issue in the proceedings under Rule 10.19; and

(4) in the event that proceedings have been commenced with respect to the same underlying claim(s) under this Rule 10.12(E) and Rule 10.19, and those proceedings have been stayed in accordance with either Rule 10.12(E)(3) or Rule 10.19(F), then the decision of the arbitration panel under Rule 10.19, with respect to the same underlying claim(s), shall be final and following the determination of the arbitration panel under Rule 10.19, Customers shall be prohibited from commencing, or continuing with, arbitral proceedings in respect to the same underlying claim(s) under this Rule 10.12(E).

(F) **Risk and Title for Mina Al Fahal Terminal**

The risk and title in the Oil delivered under the terms of the Physical Contract shall pass to the Buying Customer at Mina Al Fahal Terminal as the Oil passes the loading Vessel's permanent hose connection. Any loss of or damage to the Oil during loading, if caused by the Vessel or her officers or crew, shall be for the account of the Buying Customer.

(G) **Risk and Title for Floating Storage**

The risk and title in the Oil transfers under the terms of the Physical Contract at the Floating Storage shall pass from the Selling Customer to the Buying Customer at the nominated Vessel’s manifold.

10.13 EFRPs

(A) An EFRP must be posted before 23:00 (Singapore time) on the last Trading Day in the expiring Contract Month otherwise it shall not be valid and effective. An EFRP transaction must be posted into the appropriate Clearing House clearing system as advised by the Exchange from time to time.

(B) Any EFRP shall be governed by the provisions of Rule 6.25.

(C) Each Clearing Member must satisfy the Exchange at its request that the transaction is a legitimate EFRP transaction. All documentary evidence relating to the EFRP, including (without limitation) evidence as to change of ownership of the physical commodity or swap commitment, shall be obtained by the Clearing Members from their Customers and made available by the Clearing Members for examination by the Exchange upon request.

10.14 Alternative Delivery Procedures

(A) Where the Clearing House has under Rule 10.11(D)0 matched a position of a Seller Clearing Member with a position of a Buyer Clearing Member, the Customers in respect of the matched positions may agree to make and take delivery under terms and conditions that differ from the Rules of this Chapter 10. In such a case, the Clearing Members shall execute an alternative notice of intention to deliver on the form prescribed by the Clearing House (an **Alternative Notice of Intention to Deliver**) and shall deliver a completed executed copy of such Alternative Notice of Intention to Deliver to the Clearing House by 18:00 (Singapore time) on the first actual Layday or at such later time and date following the first actual Layday but prior to the Payment Date as the Clearing House may agree. No Alternative Notice of Intention to Deliver shall be effective unless a completed executed copy is delivered to the Clearing House in accordance with the preceding sentence.

(B) The delivery of an executed Alternative Notice of Intention to Deliver to the Clearing House in accordance with Rule 10.14(A) shall release the Seller Clearing Member and Buyer Clearing Member and the Clearing House from their respective obligations in respect of the Contracts relating to the matched position. Upon receipt of an executed Alternative Notice of Intention to Deliver, the Clearing House shall pursuant to the Clearing House Rules, release any delivery margins it holds with respect to the Contracts to which the Clearing House is party.

(C) In executing an Alternative Notice of Intention to Deliver, Clearing Members shall indemnify the Clearing House against any liability, cost or expense it may incur for any reason in connection with a Contract to which the Alternative Notice of Intention to Deliver relates.

10.15 Margins and Payment

(A) By 11.00 (New York time) ten Business Days prior to the First Day of Layday, the Buyer Clearing Member shall obtain from the Buying Customer margin equal to the full value of the product to be delivered. Such margin shall be in a form acceptable to the Clearing House. For the avoidance of doubt, if the day in which the margin is obtained falls on a Saturday, Sunday or a banking holiday in New York, the margin will be due on the preceding Business Day.

(B) The Seller Clearing Member shall obtain from the Selling Customer margin in a form acceptable to the Clearing House in an amount fixed from time to time by the Clearing House. The Buyer Clearing Member shall obtain from the Buying Customer margin in a form acceptable to the Clearing House in an amount fixed from time to time by the Clearing House.

(C) For the avoidance of doubt, the forms of margin acceptable to the Clearing House include a letter of credit deposited with the Clearing House in a form approved by the Clearing House, that is issued or approved by a Clearing House approved original margin depository and is drawn in favour of the Clearing House.

(D) The Buyer Clearing Member and Seller Clearing Member shall provide delivery margins to the Clearing House in such amounts and in such form as required by the Clearing House.

(E) Upon receipt by the Selling Customer (from the Selling Customer's Supplier) of the applicable bill of lading details as issued by the Terminal Operator and/or FS Operator in respect of a delivery of Oil (**B/L Details**), the Selling Customer shall provide a copy of such B/L Details by e-mail or fax to

the Buying Customer (who will in turn provide a copy to the Buyer Clearing Member), the Seller Clearing Member and the Exchange. Thereafter the following shall occur:

(1) Within one (1) Business Day of the Seller Clearing Member and Buyer Clearing Member receiving the B/L Details, the Seller Clearing Member and Buyer Clearing Member shall submit a notice to the Clearing House by email or fax confirming receipt of the same. Such notice shall be in a form prescribed by the Clearing House (the **Delivery Notice**).

(2) Upon receipt of the Delivery Notice, the Clearing House shall seek confirmation from the Exchange that the B/L Details confirm that the Selling Customer and Buying Customer have satisfied their delivery obligations to each other with respect to the quantity and quality of Oil delivered under this Chapter 10.

(3) To the extent that the Selling Customer and the Buying Customer have satisfied the Exchange in accordance with Rule 10.15(E)(2) above, the Exchange shall submit a notice confirming the same (the **Confirmation Notice**) by email or fax to the Clearing House. In the event that the Selling Customer or the Buying Customer have failed to satisfy the Exchange in accordance with Rule 10.15(E)(2) above, the Exchange shall submit a notice stating the same (the **Non Confirmation Notice**) by email or fax to the Clearing House. In submitting a Confirmation Notice or a Non Confirmation Notice the Exchange shall be entitled to rely on the information set forth in the B/L Details and the Delivery Notice and will not be liable for any inaccuracy therein.

(4) Upon receipt of the Delivery Notices and Confirmation Notice by the Clearing House, the Clearing House shall, in accordance with the Clearing House Rules, release the Seller Clearing Member's delivery margin to the Seller Clearing Member, which shall in turn release the Selling Customer's margin to the Selling Customer.

(5) In the event that the Clearing House receives a Non Confirmation Notice from the Exchange, it shall retain the Seller Clearing Member's delivery margin until it receives satisfactory confirmation that all issues in respect of the Selling Customer's and Buying Customer's performance of its delivery obligations with respect to the quantity and quality of Oil delivered under this Chapter 10 have been resolved. Upon such resolution the Clearing House will release the Seller Clearing Member's delivery margin to the Seller Clearing Member (who shall in turn release the Selling Customer's margin to the Selling Customer). For the purposes of clarity and the avoidance of doubt, the Buying Customer's delivery margin will continue to be held in accordance with Rule 10.15(K).

(F) The Buying Customer shall pay the Selling Customer in respect of a delivery of Oil and (subject to Rule 10.15(O)) payment shall be due on the date (the **Payment Date**) that is the later of:

(1) the day thirty (30) days after the date of the bill of lading (such calculation shall not include the actual date of the bill of lading itself); and

(2) on the date of presentation of the following documents applicable to the delivery:

(i) a full set (original, duplicate and triplicate) of clean original bills of lading made out or endorsed to the order of the Buying Customer;

(ii) an invoice complying with the requirements of this Rule 10.15 (**Selling Customer's Invoice**);

(iii) a certificate of quantity and quality;

(iv) a certificate of origin;

(v) a cargo manifest;

(vi) an ullage report;

(vii) a Vessel loading time sheet; and

(viii) a receipt for any sealed sample of the cargo provided by the Selling Customer, (**Delivery Documents**).

If any or all of the Delivery Documents are not presented the Buying Customer may agree to pay the Selling Customer for the delivery against presentation of those Delivery Documents that are presented and a Letter of Indemnity for the missing Delivery Documents duly executed by the Selling Customer or, if the Buying Customer chooses, duly executed and given jointly and severally by the Selling Customer and the Selling Customer's bank.

(G) The Selling Customer's Invoice shall be based on the quantity of Oil delivered under the Contract, determined so as to reflect the quantities determined in accordance with Paragraph 2 of the Physical Delivery Procedures. The amount payable on the Payment Date in respect of the delivery shall be the Contract Value adjusted for the quantity of Oil delivered under the Contract, determined so as to reflect the quantities determined in accordance with Paragraph 2 of the Physical Delivery Procedures.

(H) Unless otherwise agreed, the payment of any other costs, expenses or charges payable by the Buying Customer that arise under this Chapter 10 shall be made against presentation of the Selling Customer's Invoice (or any other invoice from the Selling Customer) and shall be for immediate settlement by the Buying Customer on or by the date notified therein.

(I) Not later than 12:00 (New York time) on the third (3rd) Business Day prior to the Payment Date, the Selling Customer shall notify, by e-mail or fax, the Seller Clearing Member of the bank account to which payment shall be made. The Seller Clearing Member shall notify the Buyer Clearing Member who shall in turn notify the Buying Customer.

(J) On the Payment Date, the Buying Customer shall pay the Selling Customer the amount payable under Rule 10.15(G). Payment shall be made by bank transfer to the bank account nominated by the Selling Customer. Not later than 12:00 (New York time) the Buying Customer shall notify, by e-mail or fax, the Buyer Clearing Member of the details of the transfer of funds. The Buyer Clearing Member shall notify, by e-mail or fax, the Seller Clearing Member who shall in turn notify the Selling Customer.

(K) The Selling Customer shall notify the Seller Clearing Member that it has received payment not later than the Business Day following the date of receipt. Where payment has been received, the Seller Clearing Member shall deliver a notice of payment to the Buyer Clearing Member and the Clearing House not later than the Business Day following the date payment is made. On receipt of such notice of payment the Clearing House shall, in accordance with the Clearing House Rules, release the Buyer Clearing Member's delivery margin to the Buyer Clearing Member, who shall in turn release the Buying Customer's margin to the Buying Customer. Where the Selling Customer has not received payment on or before the Payment Date, it shall so notify the Seller Clearing Member, which will in turn notify the Buyer Clearing Member and the Clearing House in writing.

(L) If the Seller Clearing Member receives notification that payment has not been received, it shall notify the Buyer Clearing Member and the Clearing House in writing. On the following Business Day, unless the Buyer Clearing Member or Buying Customer have notified the Clearing House that the Seller Clearing Member has Failed to Perform, the Clearing House shall, in accordance with the Clearing House Rules, liquidate the Buying Customer's delivery margin and, when liquidation is complete, pay the Seller Clearing Member, which shall in turn pay the Selling Customer.

(M) All payments to be made under this Chapter 10 shall be made in dollars and shall be made free of all charges and without asserting at the time for payment any set-off, counterclaim or right to withhold whatsoever.

(N) Any amounts not paid by the due date specified in this Chapter 10 will bear interest at a rate of LIBOR plus two hundred (200) basis points per annum (compounded monthly) from and including the date payment was due until but excluding the date on which payment is made.

(O) If the day on which any payment hereunder would otherwise be due under this Chapter 10 is a Saturday, Sunday or a banking holiday in New York, payment will be effected on the last New York banking day prior to which payment is due.

10.16 Non-Performance of Delivery Obligations

(A) The Seller Clearing Member and the Buyer Clearing Member are each responsible to the Exchange and the Clearing House for their respective obligations and those of their respective Customers under the provisions of this Chapter 10.

(B) When a Seller Clearing Member or a Buyer Clearing Member has Failed to Perform, the Buyer Clearing Member or Seller Clearing Member, as the case may be, shall be liable to the Clearing Member with which its position has been matched pursuant to Rule 10.11(C) for any damages awarded pursuant to Rule 10.19 and to the Clearing House for any assessments or fines made pursuant to Rule 10.17 or Rule 10.18 and to the Exchange, Clearing House and/or ODC for any costs awarded pursuant to Rule 10.17(N).

10.17 Exchange Delivery Committee (EDC)

(A) If any Buying Customer, Selling Customer, Buyer Clearing Member or Seller Clearing Member is of the view that a Failure to Perform or possible Failure to Perform has occurred, it shall notify the Exchange (with a copy to the Clearing House) thereof, such notification to include (1) an identification of the Contract(s), Clearing Members and Customers involved and (2) a description of the circumstances involved (including any alleged Force Majeure Event that may excuse the alleged Failure to Perform). In addition, a Buyer Clearing Member or Seller Clearing Member may request at any time that the Clearing House refer a Failure to Perform or possible Failure to Perform to the EDC.

(B) If it appears to the Clearing House or the Exchange (whether through notification received pursuant to Rule 10.17(A) or otherwise) that a Seller Clearing Member or Buyer Clearing Member has Failed to Perform, or may have Failed to Perform, the Clearing House in conjunction with the Exchange and the ODC Administrator may, as soon as practicable convene the EDC to hold an EDC Hearing.

(C) The Clearing House may refer a Failure to Perform (or possible Failure to Perform) to an EDC if in the opinion of the Clearing House the Failure to Perform (or possible Failure to Perform):

(1) is by the Seller Clearing Member, concerns the quantity or quality of Oil that has been delivered, would not entitle the Buying Customer to reject the delivery (a **minor quantity or quality issue**) and is not resolved within sixty (60) days of coming to the attention of the Clearing House;

(2) is a failure to make or take delivery that is not cured within ten (10) days of the last actual Layday determined in accordance with this Chapter 10;

(3) is not a minor quantity or quality issue and is not resolved amicably by the Parties within ten (10) days of coming to the attention of the Clearing House;

(4) urgently requires review in the interests of the Oman Futures Contract, the Exchange or the Clearing House.

(D) Upon a determination by the Clearing House or Exchange to convene an EDC Hearing, the DC Administrator shall issue a notice of hearing (**Notice of Hearing**) convening the EDC to a hearing (an **EDC Hearing**). The Notice of Hearing shall be issued to the Exchange, the Clearing House, the members of the EDC and the Parties to the affected Contract. The Notice of Hearing will state:

(1) the date and time at which the EDC Hearing will first convene (**Hearing Date**) (which may be no less than two (2) and no more than five (5) Business Days following the date of issuance of the Notice of Hearing);

(2) the parties to the EDC Hearing;

(3) a summary of the dispute to be resolved; and

(4) the means by which the EDC Hearing will be conducted, including by conference call, in person, or by other means.

(E) The EDC shall comprise of one (1) representative of the Clearing House and three (3) representatives of the Exchange out of which one (1) shall be the chairman of the EDC (EDC Chairman). The representatives will be determined by the Clearing House and/or the Exchange from time to time. The EDC's meeting may be held in person or by telephone or video conference. The EDC shall take such steps as it deems appropriate to make whole the affected Parties and penalize the relevant Parties. The penalties imposed by the EDC shall be according to a schedule published on the DME's website.

(F) The EDC, in its sole and absolute discretion, may require or permit a party to an affected Contract (including any relevant Customer) to present written submission and evidence in support of their position in such form, and by such time, as the EDC may choose. Where the EDC considers it necessary, oral evidence may be given. Where the EDC considers it necessary to receive oral evidence, a Party to an affected Contract (including any relevant Customer) may appear personally and may be represented by counsel or another representative of its choice at the EDC Hearing. The EDC will determine the matter on such evidence as it may deem relevant, even where such evidence may not be admissible in a court of law.

(G) The EDC may obtain expert advice from any Person it deems as having expertise in the matter in the question including, but not limited to, the Terminal Operator and/or FS Operator and any relevant Ministry of the Oman government.

(H) At the EDC Hearing or as expeditiously as practicable thereafter, the EDC shall, by a minimum vote of three (3) out of four (4), make a determination in accordance with Rule 10.17(I) below; provided that if the EDC deadlocks or is otherwise unable to reach a decision by a minimum vote of three (3) out of four (4), the decision shall be made by the EDC Chairman.

(I) In reaching its determination the EDC may find either:

(1) that a Failure to Perform has occurred, in which case the EDC may take any one (1) or combination of the following actions as it deems suitable:

(i) direct the Buyer Clearing Member or Seller Clearing Member as to how the delivery should proceed or to take such other steps as the EDC may deem necessary or appropriate to rectify the Failure to Perform; and/or

(ii) direct the Buyer Clearing Member or Seller Clearing Member to pay to the Clearing House its reasonable costs and those of the Exchange; and/or

(iii) direct that a fine be paid to the Clearing House, the amount of which will not be less than one thousand dollars ($1,000) and not more than twenty percent (20%) of the total Contract Value (as determined pursuant to Rule 10.4 of the Contract(s) in respect of which it has Failed to Perform; and/or

(iv) direct that a fine be paid to the Exchange, the amount of which shall be determined by reference to the penalty schedule for delivery failures maintained on the DME's website; and

In the event that a fine is directed in accordance with this Rule the DC Administrator shall issue to such failing Party a notice of assessment (**Notice of Assessment**) specifying the fine levied by the DC with respect to such Failure to Perform.

Or

(2) that an alleged Failure to Perform is excused because of the occurrence of a Force Majeure Event, in which case the EDC may take any one (1) or combination of the following actions as it deems suitable:

(i) direct the Clearing House to reverse one (1) or more of the affected Contracts at a price to be set by the EDC taking into account any information it considers relevant for this purpose; and/or

(ii) direct the Buyer Clearing Member and/or the Seller Clearing Member as to what reasonable steps should be taken to mitigate the effects of such Force Majeure Event; and/or

(iii) refer the matter to the Clearing House Board for consideration of emergency action pursuant to the Clearing House Rules.

Or

(3) that an alleged Failure to Perform has not occurred for reasons other than the occurrence of a Force Majeure Event.

(J) The EDC shall report its decision in writing to the DC Administrator, who shall in turn provide a copy of the decision to the Clearing House, and to the Clearing Members, Members, and Customers involved, but need not otherwise make the decision available to the public. The written report of the decision shall include, as appropriate to the decision, whether a Buyer Clearing Member or Seller Clearing Member has Failed to Perform and whether there has been a Force Majeure Event that has affected a Party to an affected Contract (including any relevant Customer) together with any directions and/or fine made. The DC Administrator shall provide such copy by fax or e-mail, and each recipient shall be deemed to have received the same on the day the DC Administrator dispatched the same; provided that if such day is not a Business Day, then it will be deemed to have received the same on the next following Business. A fine is payable within fifteen (15) days after a copy of the written decision is sent to the relevant Party by the DC Administrator or as otherwise required by the EDC. The Exchange will also deliver a copy of the written decision to the DFSA.

(K) Upon receipt of a decision of the EDC, the Clearing House shall:

(1) in the case of a Failure to Perform by a Seller Clearing Member: (a) retain all delivery margins deposited by the Seller Clearing Member for the delivery until any amounts determined to be due to the Clearing House or the Buyer Clearing Member have been paid; and (b) apprise the Buyer Clearing Member of the remedies provided; and

(2) in the case of a Failure to Perform by a Buyer Clearing Member: (a) retain all delivery margins deposited by the Buyer Clearing Member until any amounts determined to be due to the Clearing House or the Seller Clearing Member have been paid; and (b) apprise the Seller Clearing Member of the remedies provided.

(L) The CCO, after consulting the EDC Chairman, shall be entitled to issue supplemental directions to the Buyer Clearing Member and Seller Clearing Member consistent with the EDC's decision, direction and/or fine in order to ensure the proper and effective implementation of that decision, direction and/or fine.

(M) A Clearing Member, Member, DEA Customer and/or Customer shall comply with any decision, direction and/or fine made by the EDC and delivered by the DC Administrator under this Rule and with any supplemental directions issued by the CCO. The determination of a matter by the EDC and the issuance of any supplemental directions by the CCO shall be without prejudice to the powers of the Clearing House or the Exchange under the Clearing House Rules or the Rules.

(N) If a Clearing Member, Member, DEA Customer and/or Customer refuses or fails to comply with or perform any decision, direction and/or fine made by the EDC and delivered by the DC Administrator under this Rule, or with any supplemental direction issued by the CCO, then without limitation to the application of Chapter 7 of these Rules the CCO may, for the period of non-compliance, impose any or all of the following sanctions:

(1) immediate suspension of access to the Trading Platform;

(2) immediate suspension of Membership in the Exchange; and

(3) monetary fines to be paid to the Clearing House in an amount not to exceed ten thousand dollars ($10,000) per day.

Where an ODC Hearing is held in respect of any decision, direction and/or fine made by the EDC, then any supplemental direction issued and/or any sanction imposed shall only apply from the date on which the appeal process is concluded. Following conclusion of an appeal the CCO may affirm or modify any directions issued and/or any sanctions imposed.

(O) The EDC shall retain jurisdiction over the delivery obligations in question until:

(1) the delivery obligations have been performed; or

(2) a Buyer Clearing Member or Seller Clearing Member has been found to have Failed to Perform; or

(3) the Parties have jointly notified the EDC that they have amicably resolved the issue relating to delivery obligations and the EDC has accepted such resolution, or

(4) such time that the decision, direction and/or fine made by the EDC is subject to an ODC Hearing in accordance with Rule 10.18(D).

(P) The Exchange may act as agent for the Clearing House (on such terms as the Clearing House and the Exchange may agree from time to time) in the exercise of some or all of the duties and responsibilities of the Clearing House under this Rule 10.17 and under Rule 10.18 .

10.18 Appeals to ODC

(A) A Buyer Clearing Member or Seller Clearing Member (the **Appellant**) may appeal any decision, direction and/or fine made by the EDC by filing a notice (**Notice of Appeal**) with the CCO and by serving a copy of the same on the other Clearing Member and the ODC Administrator, within ten

(10) Business Days following deemed receipt of the EDC's written decision on the grounds that such decision, direction and/or fine was inappropriate on the basis that:

(1) the decision of the EDC was based on:

(i) manifestly flawed findings or considerations; and

(ii) such manifestly flawed findings or considerations have had a material impact upon the decision of the EDC; and/or

(2) the direction of the EDC was based on an inappropriate decision as substantiated under Rule 10.18(A)(1) above, or was otherwise based on a misinterpretation of the Rules or an error of law; and/or

(3) the fine levied pursuant to Rule 10.17 was based on an inappropriate decision as substantiated under Rule 10.18(A)(1) above, or was otherwise excessive.

(B) Unless the CCO determines otherwise in his or her sole and absolute discretion, failure by a Party to file a Notice of Appeal in the time specified in this Rule 10.18 shall constitute a waiver of its rights to appeal in respect of the relevant decision, direction and/or fine (as applicable), and the fines set out in the Notice of Assessment shall be paid within five (5) days to the Clearing House. Failure to comply with or perform any decision, direction and/or fine in accordance with this Rule 10.18 shall subject the Party to the sanctions set out in Rule 10.17(S) and, where appropriate, Chapter 7 of these Rules. In the event that a Party fails to appeal, or waives the opportunity to appeal the decision, direction and/or fine (as applicable) of the EDC then such decision, direction and/or fine (as applicable) shall be final and not subject to further appeal.

(C) The CCO shall determine, in his or her sole absolute discretion, whether any or all of the grounds set out in the Notice of Appeal carry sufficient weight to warrant consideration.

(D) Should the CCO determine that the grounds set out in the Notice of Appeal do warrant consideration, then the CCO shall instruct the Clearing House and the ODC Administrator to convene the ODC for the purposes of considering the matters set out in the Notice of Appeal (an **ODC Hearing**) and may direct the following:

(1) that the decision, direction and fine be referred for consideration at the ODC Hearing; or

(2) that the decision should stand and that the direction or fine or both be referred for consideration at the ODC Hearing; and/or

(3) any other direction that the CCO deems necessary to ensure that the proper, timely and effective consideration of the issues at the ODC Hearing.

(E) In the event the CCO deems any part or all of a Notice of Appeal to be frivolous, vexatious, or clearly without merit, then the CCO will be entitled to summarily dismiss any such part or all of the Notice of Appeal (as applicable) at any time and impose a fine on the Appellant in an amount not to exceed ten thousand dollars ($10,000).

(F) Each ODC shall consist of:

(1) two (2) representatives of the Clearing House, one (1) of whom shall be the chairman of the ODC **(ODC Chairman)**;
(2) three (3) ODC Panellists selected in accordance with this Rule.

A representative of a relevant Ministry of the Oman government shall be entitled to observe the proceedings of each ODC Hearing, as well as the ODC Administrator and such other Persons as the ODC Chairman shall deem appropriate.

(G) The Exchange shall consult with the Clearing House in maintaining a panel of individuals (each an **ODC Panellist**) willing and able to participate in ODC proceedings and sufficient in number to support the timely formation of one (1) or more ODCs (the **ODC Panel**). In appointing ODC Panellists, consideration shall be given to the appointee's:

(1) experience with lifting Oman crude;

(2) general knowledge of oil trading and shipping; and

(3) possession of such other qualifications as the Clearing House may deem relevant;

provided, that membership or affiliation with the Exchange or the Clearing House shall not be a prerequisite to appointment as an ODC Panellist.

ODC Panellists shall be selected for participation in the ODC by lottery or other means of selection identified by the Clearing House; provided an ODC Panellist may not serve on the ODC if such Person has a direct or indirect interest in performance of the delivery obligations in question. Each ODC Panellist shall disclose to the ODC Chairman and the ODC Administrator any such interest or any other interest that might preclude such ODC Panellist from rendering a fair and impartial decision. Any objection raised by a Seller Clearing Member or Buyer Clearing Member to any ODC Panellist being appointed to the ODC shall be determined by the ODC Chairman, at his or her discretion.

(H) For avoidance of doubt, no Person serving on the ODC shall, in the absence of bad faith, incur any liability whatsoever to any Member or DEA Customer, or their respective employees, for any decision taken or for any direction and/or fine imposed or for any act or omission of such ODC, whether in contract, in tort or otherwise.

(I) No member of the ODC shall use or disclose, for any purpose other than the performance of such Person's duties relating to such ODC, Confidential Information obtained as a result of such Person's participation on such ODC. 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 the preceding sentence.

(J) The ODC Chairman, on behalf of the Clearing House, will have the authority to convene an ODC Hearing. Notice of all ODC Hearings will be distributed by the ODC Administrator. Any one (1) or more members of the ODC may participate in the ODC Hearing by means of a telephone conference or similar communications device allowing all Persons participating in the ODC Hearing to hear each other at the same time, and participation by such means shall constitute presence at the ODC Hearing. The presence of at least four (4) out of the five (5) members of the ODC shall be required to form a quorum at the ODC Hearing.

(K) The Exchange's Legal Counsel shall serve as legal advisor to the ODC or procure legal advice for the ODC.

(L) The decision and any subsequent direction and/or fine (as applicable) issued at the ODC Hearing shall constitute a final decision, direction and/or fine (as applicable) of the ODC from which there will be no further right of appeal (except an appeal to the DFSA under AMI Rule 11.1.1) and to the extent of any inconsistency between the decision, direction and/or fine of the original ODC and the decision, direction and/or fine of the ODC Hearing, the decision, direction and/or fine of the ODC Hearing shall prevail. A fine is payable within fifteen (15) days after a copy of the written decision

is sent to the relevant Party by the ODC Administrator or as otherwise required at the ODC Hearing. The Exchange will also deliver a copy of the written decision to the DFSA.

10.19 Arbitration Procedure

(A) Any claim for damages for loss suffered that arise between the Seller Clearing Member and Buyer Clearing Member as a result of any Failure to Perform (or possible Failure to Perform) shall be settled by arbitration in accordance with this Rule 10.19.

(B) A notice of intent to arbitrate (a **Notice of Intent to Arbitrate**) must be submitted to the Secretary of the Clearing House within seven (7) Business Days of the occurrence of the events upon which the claim is based, or receipt of the findings of the EDC with respect to a Failure to Perform (or possible Failure to Perform). Unless good cause for delay exists, failure to submit a Notice of Intent to Arbitrate within the prescribed period will be deemed a waiver of a Party's rights to arbitrate such a dispute.

(C) If the EDC has been convened pursuant to Rule 10.17, in no event shall any Clearing Member commence any proceedings under this Rule 10.19 until such time as the EDC has rendered its decision, direction and/or fine and either (a) the ODC has rendered its decision, direction and/or fine following an ODC Hearing held pursuant to Rule 10.18 or (b) the time period for bringing an appeal of such ODC decision, direction and/or fine has expired (and, in the event any arbitration proceedings are commenced before the EDC is convened, such proceedings will be stayed until the foregoing requirements of this Rule 10.19(C) are satisfied).

(D) In any arbitration proceedings commenced under this Rule 10.19, the factual findings of the EDC (including the findings in respect of the occurrence or non-occurrence of a Failure to Perform or a Force Majeure Event) will not be subject to dispute, and in considering the matter the arbitration panel will consider such findings to have been agreed and stipulated by the Clearing Members.

(E) The arbitration will be conducted in accordance with, and governed by, the Clearing House arbitration rules. The chairman of the Clearing House Board, or his designee, shall appoint an arbitration panel composed of three (3) members of the Clearing House, at least one (1) of whom shall be a member of the Clearing House Board. In appointing members of the arbitration panel the chairman of the Clearing House, or his designee, shall have regard to the experience and qualifications required for the ODC Panellist in Rule 10.18.

(F) There shall not be pending simultaneously arbitral proceedings under Rule 10.12(E) and Rule 10.19 with respect to the same underlying claim(s). Accordingly, no Customer shall commence any arbitration proceedings under Rule 10.12(E) if proceedings under this Rule 10.19 in respect of the same underlying claim(s) have already been commenced and in the event that subsequent to the institution of proceedings under this Rule 10.19, proceedings are commenced with respect to the same underlying claim(s), then the proceedings under Rule 10.12(E) will be stayed insofar as they relate to the same underlying claim(s) at issue in the proceedings under this Rule 10.19.

(G) In the event that proceedings have been commenced with respect to the same underlying claim(s) under Rule 10.12(E) and this Rule 10.19, and those proceedings have been stayed in accordance with either Rule 10.12(E)(3) or Rule 10.19(F), then the decision of the arbitration panel under this Rule 10.19, with respect to the same underlying claim(s), shall be final and following the determination of the arbitration panel under this Rule 10.19, Customers shall be prohibited from commencing or continuing arbitral proceedings in respect to the same underlying claim(s) under 10.12(E).

10.20 Taxes, Duties and Imposts

(A) All taxes, duties and other imposts (other than those levied on the Vessel) in respect of any Oil sold under this Chapter 10 in the country in which the Loading Point is situated, shall be for the account

of the Selling Customer other than value added tax, goods and services tax or similar multi-stage consumption tax as the Buying Customer is able to recover.

(B) All other such charges shall be for the account of the Buying Customer.

10.21 Applicable Law

This Contract shall be governed by and construed in accordance with English law.

10.22 Appointment of Experts

(A) Where pursuant to any provisions of the Physical Delivery Procedures a matter is required to be determined by an expert, the expert shall be a Person qualified by the possession of expert knowledge for the determination of the matter in question. The expert shall be appointed by agreement between the Selling Customer and the Buying Customer, or in default of such agreement, by the president for the time being of the Energy Institute in the United Kingdom.

(B) The Selling Customer and the Buying Customer shall furnish the expert with all written or oral information that the expert may reasonably require for his determination.

(C) The cost of the services of the expert, if appointed, shall be shared equally between the Selling Customer and the Buying Customer.

10.23 Limitation of Liability

Pursuant to this Chapter 10, neither the Clearing House nor the Exchange shall have any liability in respect of or in connection with placing of Oil in Vessels and the transport of Oil in Vessels, howsoever caused. Accordingly, no claim can be made against either the Clearing House or the Exchange for any loss or damage incurred or suffered by any Person in connection with the placing of Oil in Vessels or taking delivery of the same, whether or not such loss or damage results from any delay in connection with the loading of any Vessel, any spillage of Oil or any other pollution or any other cause whatsoever, and whether or not as a result of the negligence of the Exchange or Clearing House. Nothing in this Rule 10.23 excludes or limits the liability of the Exchange or Clearing House for death or personal injury caused by its negligence.

10.24 Decisions with Respect to the Loading Port

Any confirmation in writing received from the Oman Ministry of Oil and Gas confirming any decision or action taken by that Ministry or the Terminal Operator shall be conclusive as to the taking of that decision or action by that Ministry or the Terminal Operator as the case may be.

10.25 Disclaimer

See Legal Disclaimers ("DISCLAIMERS") incorporated herein by reference.

Appendix A – Physical Delivery Procedures:

In these Physical Delivery Procedures, the following additional definitions shall apply:

Buyer means the Buying Customer.

Cargo means the total quantity of Oil to be lifted by a Vessel, whether or not it is all for the Buyer.

Layday Notice means a notice of the actual Laydays that is to be given by the Seller as provided in Paragraph 3(C).

Loading Schedule means the schedule prepared by the Terminal Operator specifying the date on which each Parcel is intended to be made available for delivery at the Loading Point during the Delivery Month and the Parcel Reference Number allocated to each Parcel.

NOR means a notice of readiness given by a Vessel that it is ready to take a Parcel from the Loading Point.

Parcel means a specified volume of Oil intended to be made available for loading at the Loading Point during the Delivery Month in accordance with the Loading Schedule.

Parcel Reference Number means, in relation to each Parcel, the number allocated by the Terminal Operator to that Parcel as shown by the Loading Schedule.

Primary Supplier means any Person to whom, in relation to a particular Delivery Month, Oil is allocated as that Person's equity entitlement under the applicable Oil production allocation.

Scheduled Day means, in relation to each Parcel, the day shown in the Loading Schedule as the day on which that Parcel is intended to be made available for loading.

Seller means the Selling Customer.

Seller's Suppliers means any Person being a direct or indirect source of supply of Oil for the Seller.

Any reference to a Paragraph is, unless the context otherwise requires, a reference to a paragraph of these Physical Delivery Procedures.

1. METHOD AND RATE OF SUPPLY

The Oil shall be supplied by the Seller to the Buyer, free of any expense, in bulk F.O.B. Vessels provided or procured by the Buyer at the Loading Point.

2. MEASUREMENT, SAMPLING AND TESTING

(A) The quantity and quality of the Oil in each Cargo shall be determined by measurement, sampling and testing in the manner customary at the Loading Point and shall include testing that enables a net quantity to be calculated. The Seller shall request the Seller's Suppliers to prepare and sign certificates as to the quantity and quality of the Oil loaded upon completion of loading of the Cargo. The Seller shall notify the Buyer by e-mail, telex, cable or fax of the quantity and quality recorded on such certificates as soon as possible after completion of loading of the Cargo.

The results of measurement, sampling and testing shall, for the purposes of this Chapter 10, be treated as conclusive as to the quantity and quality loaded. However, the conclusiveness of the results so far as they relate to the quantity and quality loaded may be displaced to the extent that it can be reasonably shown that the results are incorrect.

(B) The tanks of the Vessel loading from Floating Storage are to be measured before and after loading from the Floating Storage Facility and the volume loaded is calculated;

1) -the tanks of the Floating Storage Facility are to be measured before and after the off-loading operation and the volume off-loaded is calculated;
2) -if the difference in the measured quantity transferred between the Daughter Vessel and Floating Storage Facility is outside the Accepted Industry Tolerance then the Daughter Vessel waits at Designated STS area and everything is re-measured;
3) -if said difference is within Accepted Industry Tolerance, the Floating Storage Facility's figures will be final and binding, except for fraud and/or manifest error;
4) -the Cargo surveyor will supervise the above procedures and will provide his analysis of the data and attempt to reconcile the discrepancy;
5) -If the Daughter Vessel is loaded to 90% (or above) of its capacity, the Daughter's Vessel's VEF will be applied and the quantity transferred will be re-calculated; and

(C) Where permitted by the Seller's Suppliers, the Buyer may appoint a representative (the **Representative**) acceptable to the Seller and the Seller's Suppliers to assist in the supervision of and to inspect the loading of each Cargo. If such representative is appointed, the quantity and quality of the Oil as jointly ascertained by the Representative and the Seller's Suppliers shall be the quantity and quality for the purpose of the certificate(s). If any difference arises between the Representative and the Seller's Suppliers with regard to the loaded quantity and quality, it shall be settled by an expert appointed under Rule 10.22. The decision of such expert shall be final and binding upon the Parties save for fraud and manifest error; but pending such decision, the quantity and quality as ascertained by the Seller's Suppliers shall be used for the purpose of the e-mail, telex, cable or fax referred to in Paragraph 2(A).

(D) Unless otherwise specifically agreed, all costs incurred by the Buyer in respect of the Representative shall be borne by the Buyer and demurrage resulting from any delays occasioned by such inspection shall be for the sole account of the Buyer.

(E) A sufficient quantity of the relevant representative samples shall be correctly taken at the Loading Point and kept in accordance with internationally recognised methodology and practice.

3. LAYDAYS AND TANKER NOMINATION PROCEDURE

(A) Fixing Laydays

The Laydays applicable to each quantity of Oil which the Seller is to deliver shall be determined as provided under this Paragraph 3. Unless this Paragraph 3 provides otherwise the Laydays shall be:

(i) the Scheduled Day; and

(ii) the day after the Scheduled Day.

(B) Buyer's Preferred Laydays

(i) From the first (1st) Singapore Business Day of the Prior Month, but no later than the tenth (10th) day of the Prior Month (or if the tenth (10^{th}) day falls on a non-Singapore Business Day, then by 17:00 (Singapore time) on the preceding Singapore Business Day), the Buyer shall notify the Seller of the dates preferred by the Buyer as Laydays. Thereafter the Buyer may revise its previous notification of preferred dates by so notifying the Seller by not later than the tenth (10th) day of the

Prior Month (or if the tenth (10th) day falls on a non-Singapore Business Day, then by 17:00 (Singapore time) on the preceding Singapore Business Day).

(ii) If subsequent schedule changes are required by the Buyer , the Buyer shall notify the Seller and must request such, by e-mail, not later than 17:00 Singapore Time on the twentieth (20th) Day of the month prior to that of lifting (the "Agreed Schedule"). It is understood and agreed that whilst reasonable endeavours will be made by the Terminal Operator to accommodate change requests, the Terminal Operator's decision will be final and not challengeable.
(iii)

(iv) (iii) If the Buyer intends to co-load the Oil and other crude oil at the Loading Point into the same Vessel or to split any portion of the matched quantity, the Buyer shall notify the Seller of this when giving notice under Paragraph 3(B)(i) above. The Seller may accept any number of Parcels as notified by the Buyer. However, the Buyer may notify the Seller and the Seller is obliged to accept, without charge, such notifications consistent with the following table:

Matched Quantity/Barrels of Oil	Number of Parcels
1,000 – 500,000	Up to 2
501,000 – 1,000,000	Up to 3
1,001,000 – 1,500,000	Up to 4
1,501,000 – 2,000,000	Up to 5
2,001,000 – 2,500,000	Up to 6
2,501,000 – 3,000,000	Up to 7
3,001,000 – 3,500,000	Up to 8
3,501,000 – 4,000,000	Up to 9

This principle shall be applied for any larger positions matched for delivery as per the above table.

(iv) The Seller must promptly notify the Seller's Suppliers of the dates notified by the Buyer under Paragraph 3 (B)(i) above and any notification given to the Seller under Paragraph 3 (B)(ii) above for the Terminal Operator's acceptance.

(v) The Seller shall be obliged to deliver Oil subject only to the acceptance by the Terminal Operator, consistent with the Buyer's notification as per Paragraph 3 (B)(i) and Paragraph 3 (B)(ii) above.

(vi) In the event that the Buyer fails to notify the Seller of any preferred Laydays under Paragraph 3 (B)(i) above, the Seller will notify the Buyer of its failure to do so, and the Seller will notify the Seller's Suppliers of its preferred Laydays, in order to fulfil the Seller's obligations to the Seller's Suppliers. Failure of the Buyer to notify any preferred Laydays to the Seller shall not excuse or reduce any of the Buyer's obligations under the Rules.

(C) **Notification or Agreement of Actual Laydays**

If the Seller is a Primary Supplier and the Physical Contract is the Seller's first sale of the Oil (a **First Primary Sale**) then the Seller must give the Buyer the Layday Notice by 17:00 (Singapore time) on the next Singapore Business Day following after the Loading Schedule publication date. If the Seller is not a Primary Supplier and the Physical Contract is not a First Primary Sale, then the Seller must give the Buyer the Layday Notice within one (1) business hour after the time the Seller received notice of the Laydays from the Seller's Suppliers and by no later than 18:00 (Singapore time) on the fifteenth (15th) day of Prior Month (or, if that day is not a Singapore Business Day then by 18:00 (Singapore time), on the preceding Singapore Business Day). The Seller must give the Buyer the Layday Notice irrespective of whether the dates to be notified as the

actual Laydays are the same as any of the preferred dates notified by the Buyer under Paragraph 3(B)(i) above. If the Seller does not give a Layday Notice in accordance with this Paragraph 3(C), then the Seller must give the Layday Notice within one (1) business hour after the time the Seller received notice of the Laydays from the Seller's Suppliers.

(D) **Late Layday Notice(s): Limitation of Seller's Remedies**

If the Layday Notice is received by the Buyer later than the time provided for under Paragraph 3(C), no such losses, costs and expenses as are described in Paragraph 3(J) below shall be reimbursable by or otherwise recoverable from the Buyer (and shall be borne and paid exclusively by the Seller) unless and to the extent that they result from failure by the Buyer to comply with the requirements of the proviso to Paragraph 3(E)(iii) below.

(E) **Continuance of Buyer's Obligations Despite Late Layday Notice(s)**

This Paragraph 3(E) applies if any Layday Notice is received by the Buyer later than the time provided for under Paragraph 3(C) above.

(i) Late receipt by the Buyer of the Seller's Layday Notice shall not constitute or be treated as a breach of the Seller's obligations entitling the Buyer to treat any Physical Contract as having been repudiated by the Seller, and the Buyer expressly waives, relinquishes and foregoes any such entitlement.

(ii) The Buyer further agrees expressly that, subject as provided below, the Buyer will continue to observe and perform all of the Buyer's duties and obligations under this Chapter 10 in the like manner and to the like extent as would be applicable if the Layday Notice had not been given later than required under Paragraph 3(C).

(iii) For the purpose of sub-Paragraph (ii) above, any failure by the Buyer to nominate a Vessel within any of the times provided for under this Paragraph 3, or to procure the Vessel to arrive or tender an NOR within the Laydays shall not constitute and shall not be treated as a breach of the Buyer's duties and obligations in relation to such matters, provided that the Buyer shall have (a) complied with the requirements of Paragraph 3(F) below; (b) nominated a Vessel in the least time reasonably practicable after receipt of the Seller's notification of the Laydays; and (c) taken all steps reasonably practicable in the circumstances to cause the Vessel to proceed to and arrive at Loading Point within, or as close as reasonably practicable to, the time at which it ought to have done so if the Layday Notice had been given within the time provided for under Paragraph 3(C) and thereafter proceed diligently with the receipt and loading of the Oil as provided in sub-Paragraph (iv) below but in any event within the Delivery Month.

(iv) The provisions of sub-Paragraphs (i) and (ii) above shall apply subject to and without prejudice to the Buyer's right and entitlement to exercise all such remedies (if any) as may be or become exercisable by the Buyer in all the circumstances (with the exception of any right or entitlement which may have been available to the Buyer but for the foregoing provisions of this Paragraph 3(E)).

(F) **Duty of Buyer in Absence of Layday Notice**

If, by 18:00 (Singapore time) on the fifteenth (15th) day of Prior Month, the Buyer has not received the Seller's Layday Notice, the Buyer shall forthwith; (a) notify the Seller and (b) notify the Terminal Operator and furnish the Terminal Operator with the name of the Seller (if known).

(G) **Contents of Layday Notices**

Each Layday Notice must specify the following:

(i) the Parcel Reference Number(s) applicable to the Parcel(s) intended to comprise the Oil;

(ii) the quantity of each Parcel;

(iii) the Laydays applicable to each Parcel;

(iv) except in the case of a First Primary Sale, the date and time of day when the Seller received notice from the Seller's Suppliers; and

(v) the date and time of day when the Seller's notice was given to the Buyer.

(H) **Communication of Layday Notices, etc.**

(i) All Layday Notices must first be given orally by the Seller to the Buyer and promptly confirmed by e-mail or fax.

(ii) Each Party must ensure that appropriate facilities and sufficient authorized personnel are available and ready to receive and pass Layday Notices and all other pertinent information during business hours on Singapore Business Days.

(iii) Additionally, if the Seller is purchasing the Oil from, or the Buyer is selling the Oil to, a third party, each Party must pass on as expeditiously as possible any communication received by it under this Chapter 10 and which it is contractually bound to communicate to such third party.

(I) **Large Cargoes**

In respect of Cargoes of one million, five hundred and one thousand (1,501,000) Barrels or more, the Parties understand that the Terminal Operator may impose a shorter range of Laydays than Paragraph 3(A) provides and such other special conditions as the Terminal Operator may reasonably require given the size of the Cargo and the loading facilities and conditions at Loading Point, and the Buyer agrees to comply with such shorter range of Laydays and such other special conditions imposed by the Terminal Operator.

(J) **Buyer's Responsibility**

Once a lifting programme has been determined in accordance with Paragraphs 3(A) to 3(J), the Buyer shall be held fully responsible for any problems arising from its failure to take a Parcel on the Laydays or otherwise failing to fulfil its programme or any of these nomination procedures, and shall be liable to compensate the Seller for any loss, cost or expense arising thereby.

(K) **Delivery Month**

For the avoidance of doubt, no change in the price payable for a Parcel of Oil shall result if either the date of the bill of lading is outside the Delivery Month or if any of the Oil in a Parcel is loaded outside the Delivery Month.

(L) **Right to Refuse Nominated Tankers**

The Buyer understands and agrees that the Terminal Operator shall have the right to refuse to accept nominated tankers if, at the Terminal Operator's sole discretion, the Terminal Operator determines that such nominated tanker:

(i) does not comply with the Terminal Operator's tanker safety regulations; or

(ii) is not suitable to load at the Loading Point.

(M) **Buyer's Nomination**

The Buyer's nomination shall be consistent with the Loading Port authority requirements and shall include, but shall not be limited to, the Vessel's name, flag, crew nationality, capacity, length, beam, summer deadweight and draught together with the quantity and quality of the grade(s) of Oil to be loaded inclusive of the operational tolerance requirement, estimated date of arrival of the Vessel at Loading Point, the Vessel's agent, the Parcel Reference Number notified by the Seller to the Buyer as being applicable to the Oil, full instructions regarding the Vessel, the makeup and disposition of bills of lading and other documents and orders for port(s) of discharge, and the destination of the crude oil Cargo nominated.

(N) **Buyer Firm Tanker Nominations**

(i) For Mina Al Fahal Terminal

Nominations quoted (to be nominated) shall be replaced by firm tanker nominations for the same quantities with the same accepted date range not less than five (5) days before the beginning of the first day of the accepted date range (or if the fifth (5th) day falls on a non-Singapore Business Day, then by 17:01 (Singapore time) on the preceding Singapore Business Day).

(ii) For Floating Storage

Nominations quoted (to be nominated) shall be replaced by firm tanker nominations for the same quantities with the same accepted date range not less than fifteen (15) days before the beginning of the first day of the accepted date range (or if the fifteen (15th) day falls on a non-Singapore Business Day, then by 17:01 (Singapore time) on the preceding Singapore Business Day).

(O) **Vessel Substitution**

The Buyer, with the Seller's prior agreement, may, or if necessary to perform their obligations hereunder must, substitute any Vessel by another Vessel which is similar in all material respects to the Vessel so replaced and otherwise complies with all requirements of the current tanker nomination procedures issued by the Terminal Operator relating to the lifting of the Cargo. The notice of the substitution and of the estimated time of arrival of the substitute tanker shall be given not less than five (5) days prior to the first day of the accepted date range for the originally nominated tanker (or if five (5) days prior falls on a non-Singapore Business Day, then by 17:01 (Singapore time) on the preceding Singapore Business Day). The Buyer may also, with the Seller's prior written agreement and by giving the Seller reasonable notice, amend in other respects any Vessel nomination or series of Vessel nominations provided that the expected date of arrival of the Vessel remains within the Laydays allocated to the Buyer's nomination in accordance with this Paragraph 3 and such nominations otherwise comply with all requirements of the current tanker nomination procedures issued by the Terminal Operator relating to the lifting of this Cargo. If such amendment is rejected by the Seller, the Parties shall negotiate a mutually acceptable alternative Vessel nomination. The Buyer shall not, unless otherwise agreed, be relieved of their responsibility to perform the agreed lifting within the accepted loading date range.

Any substitution other than as described above shall be considered a new nomination and require fresh acceptance by the Seller. Cancellation of a Vessel shall be notified to the Seller in writing or by telex not less than five (5) days before such Vessel's first day of the accepted date range at Loading Point (or if the fifth (5th) day falls on a non-Singapore Business Day, then by 17:01 (Singapore time) on the preceding Singapore Business Day). Cancellation will require that the Buyer nominate a substitute Vessel. In case of cancellation, if the Buyer fails to nominate a substitute Vessel and, for operational reasons, the Seller has to make alternative arrangements for disposal of the nominated volume, all direct associated costs will be for the Buyer's account provided Seller has made all reasonable efforts to mitigate such costs.

Documentation requirements for each Vessel shall be notified to the Seller in writing or by telex at least five (5) days in advance of the date of arrival (or if the fifth (5th) day falls on a non-Singapore Business Day, then by 17:01 (Singapore time) on the preceding Singapore Business Day) and not later than five (5) days prior to the start of the first (1st) day of the accepted date range. In addition, the Seller shall copy the Exchange on these documentation requirements between it and the Seller's Suppliers.

(P) **Buyer's Warranties**

The Buyer hereby warrants and undertakes that:

(i) they are familiar with the latest vessel size restrictions, including but not limited to, deadweight, draught, beam and overall length limitations of the Loading Point and will not nominate a Vessel exceeding such limitations;

(ii) they are familiar with, and shall cause the Vessel to comply with, all applicable regulations in force at the Loading Point, including, but without limitation, those relating to fires on board vessels; and

(iii) they shall procure that each Vessel nominated hereunder shall, at the time of loading:

(a) comply with all applicable rules, regulations and directions of governmental, local and port authorities (and of the Loading Point) and shall conform in all respects to all relevant international regulations and agreements;

(b) have its hull, machinery, boilers, tanks, equipment and facilities which are in good order and condition, in every way fit for the service required and fit to load and carry the Cargo specified; and

(c) have a full and efficient complement of master, officers and crew.

If the Buyer's Vessel does not meet any of the requirements set out in (a), (b) and (c) above, the Buyer recognises that the Terminal Operator and/or FS Operator may refuse to berth or load or continue to load the Vessel with the scheduled loading.

Should the Buyer fail to load the contractual quantity of the scheduled loading, due to (i) the Buyer's withdrawal of any Vessel, (ii) the arrival of any Vessel at the Loading Point after the last Layday or (iii) rejection of a Vessel by the Terminal Operator as a result of it not meeting the requirements of Paragraph 3(P), the Seller shall be indemnified by the Buyer for any and all costs, damages or expenses incurred by the Seller as a result of the Buyer's failure to load the contractual quantity due to any of the above reasons and for all payments required to be made by the Seller to the Seller's Suppliers for failing to take delivery of the volume of Oil due to any of the above reasons and for all additional costs, damages or expenses incurred by Seller in defending any such claims or in avoiding the requirement to make such payments.

The Buyer warrants and undertakes to the Seller that (for each Vessel nominated to carry a Cargo) the Vessel is owned or demise chartered by a member of the International Tanker Owners Pollution Federation Limited. The Buyer shall exercise reasonable efforts to ensure that:

(i) the Vessel carries on board a valid certificate of insurance as described in the 1969 Civil Liability Convention for Oil Pollution Damage and the International Convention on Civil Liability for Oil Pollution Damage 1992; and

(ii) the Vessel has in place insurance cover for oil pollution no less in scope and amounts than the highest available under the Rules of P&I Clubs entered into the International Group of P&I Clubs.

The Seller and the Buyer shall copy the Exchange and their respective Clearing Members on all notifications and other correspondence pursuant to this Paragraph 3.

4. LOADING CONDITIONS

(A) The Buyer shall give the Seller, with a copy to the Exchange and the Buyer Clearing Member, not less than five (5) days before the Scheduled Day with respect to the Parcel, full instructions consistent with the Loading Point regulations regarding the loading of each Vessel and the making up and destination of documentation covering the Cargo(s). The Seller shall use reasonable endeavours to arrange for such instructions to be carried out but they shall not be obliged to arrange for an instruction to be carried out which is inconsistent with any provision, expressed or implied, in this Chapter 10. In addition, the Seller shall copy the Exchange on these documentation requirements between it and the Seller's Suppliers.

(B) The Buyer shall arrange for each Vessel to give to the Seller, any other Person nominated by the Seller, and the Exchange its estimated time of arrival at the Loading Point in such manner and at such intervals prior to arrival as required by the Loading Port authorities and the Seller.

(C) The Seller shall provide or shall cause to be provided, free of charge, a berth or berths that the Vessel can safely reach and leave and at which she can lie and load always safely afloat. All port costs, including the expense, if any, of shifting berth at the Loading Point (unless such shift is for the Seller's purposes), shall be for the Buyer's account.

(D) The Buyer agrees that it is familiar with the current Crude Lifting Procedures and/or STS Transfer Crude Lifting Procedures and agrees that both Procedures, including any subsequent amendments relevant to this Cargo, shall govern the lifting of the Cargo. The Buyer agrees to comply with all of the obligations under the Crude Lifting Procedures and/or STS Transfer Crude Lifting Procedures related to the Vessel or the obligations of the Buyer thereunder.

5. ISPS COMPLIANCE

(A) The Buyer shall procure that the Vessel shall comply with the requirements of the ISPS Code.

(B) The Buyer shall procure that the Vessel shall when required submit a Declaration of Security (DoS) to the appropriate authorities prior to arrival at the Loading Point.

(C) Notwithstanding any prior acceptance of the Vessel by the Terminal Operator, if at any time before the passing of risk and title the Vessel ceases to comply with the requirements of the ISPS Code:

(i) the Terminal Operator shall have the right not to berth such nominated Vessel and no demurrage resulting thereby shall be for the account of the Seller; and

(ii) the Buyer shall be obliged to substitute such nominated Vessel with a Vessel complying with the requirements of the ISPS Code.

(D) The Seller shall procure that the Loading Point shall comply with the requirements of the ISPS Code.

6. STS Facilities

Nominated STS Tankers should be provided with adequate facilities to comply with the safety check lists in accordance with ICS /OCIMF STS Transfer Guide Petroleum 2013 or the latest edition as amended while ensuring that cargo transfer and STS plans are agreed and understood by the relevant personal of the nominated STS Tanker and the Floating Storage Facility.

7. DESTINATION RESTRICTIONS

The Buyer recognises that the Seller cannot cooperate with, agree to or comply with any terms or requests, including documentary requests, which are prohibited under the laws applicable to the Seller or under United Nations decisions.

Appendix B – Letter of Indemnity:

FROM: (Seller) [and (Seller's Bank)]

TO: (Buyer)

IN CONSIDERATION of your agreeing to pay for the cargo of

..... Barrels of

..... (type of crude oil and/or product)

which sailed from (Point)

.....

on (vessel and date) .....

loaded with such cargo when the (required document(s)) ……
……

for all required documents in relation to such cargo have not been delivered to you at the time payment is due under our agreements.

The Seller hereby warrants to you that at the time property passed as specified under the terms of the above contract we had the right to sell the said cargo to you and we have unencumbered title to the said cargo.

We [jointly and severally] hereby irrevocably and unconditionally undertake to indemnify you and hold you harmless against any claim made against you by anyone as a result of breach by us of any of our warranties as set out above, and all losses, costs (including, but not limited to costs as between attorney or solicitor and own client), damages, and expenses which you may suffer, incur or be put to which are not too remote as a result of our failure to deliver the above document(s) in accordance with the contract.

This indemnity shall terminate on delivery by the Seller of the aforesaid document(s) and their acceptance by you.

This indemnity shall be governed by and construed in accordance with English law and all disputes, controversies or claims arising out of or in relation to this indemnity or the breach, termination or validity hereof shall be decided by the English courts.

Authorised signatory: _____

Date: _____

Company name: _____

Chapter 14 DME Oman Crude Oil Financial Futures Contract

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14.1 Scope

This Chapter applies to a DME Oman Crude Oil Financial Futures Contract (the **Contract**) bought or sold on the Exchange for cash settlement based on the Floating Price.

14.2 Definitions

In this Chapter the following definitions shall apply:

(1) **DME Oman Crude Oil Futures Contract** means the Futures Contract whose terms are set out in Chapter 10; and

(2) **First Nearby Month** means the most recent month for which trading is being transacted, or the spot month.

14.3 Floating Price

The Floating Price for each Contract Month will be equal to the Marker Price of the DME Oman Crude Oil Futures Contract as of 16:30 (Singapore time) for the corresponding Contract Month of the DME Oman Crude Oil Futures Contract.

14.4 Contract Size and Value

The contract size shall be 1000 U.S. barrels. Each Contract shall be valued as the contract size (1000) multiplied by the Final Marker Price (as defined below).

14.5 Contract Months

Trading shall be conducted in the Contracts in such months as shall be determined by the Exchange.

14.6 Prices and Fluctuations

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be $0.01 per barrel. There shall be no maximum price fluctuation.

14.7 Termination of Trading

Trading in the First Nearby Month shall cease on the last Trading Day of the First Nearby Month of the DME Oman Crude Oil Futures Contract for the corresponding delivery month.

14.8 Final Settlement

Delivery under the Contract shall be by cash settlement. The Final Marker Price following trading for a Contract Month will be the Floating Price determined as of 16:30 (Singapore time) on the last Trading Day in that Contract Month.

14.9 Governing Law

The Contract shall be governed by and construed in accordance with English law.

14.10 Disclaimer

See Legal Disclaimers ("DISCLAIMERS") incorporated herein by reference.

Chapter 18 – DME Oman Crude Oil European Style Option Contract

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18.1 Scope

This Chapter applies to a DME Oman Crude Oil European Style Option (the "Contract"), which is a European Style option cash-settled upon expiration.

18.2 Definitions

In this Chapter the following definitions shall apply.

(1) **DME Oman Crude Oil Futures Contract** means the Futures Contract the terms of which are set out in Chapter 10; and

(2) **First Nearby Month** means the nearest month for which trading is being transacted, or the spot month; and

(3) **Other capitalized terms** not defined herein shall have the meaning given to them in the DME Rulebook.

18.3 Trading Unit

On expiration of a call option, the contract value for each Contract will be the product of the strike price being subtracted from the Settlement Price for the underlying Contract Month of the DME Oman Crude Oil Futures Contract on the expiration date and the result thereof being multiplied by 1,000 barrels, provided that if such product is less than zero, the contract value for each Contract will be zero. On expiration of a put option, the contract value for each Contract will be the product of the Settlement Price of the underlying Contract Month of the DME Oman Crude Oil Futures Contract on the expiration date being subtracted from the strike price and the result thereof being multiplied by 1,000 barrels, provided that is such product is less than zero, the contract value for each Contract will be zero.

18.4 Prices

Prices shall be quoted in dollars and cents per barrel. The minimum price increment shall be $.01 (one cent) per barrel. A trade may occur to close out a deep out of the money option (“Cabinet Trade”) at the price of $.001 per barrel or $1.00 a Contract, however, if it results in the liquidation of positions of both parties to the trade.

18.5 Strike Prices

Trading shall be conducted for options with strike prices in increments as set forth below:

(A) On the first Trading Day in an option contract month, trading shall be at the following strike prices: (i) the previous day's Settlement Price for DME Oman Crude Oil Futures contracts in the corresponding delivery month rounded off to the nearest fifty-cent increment strike price unless such price is precisely midway between two fifty-cent increment strike prices, in which case it shall be rounded off to the lower fifty-cent increment strike price and; (ii) the twenty fifty-cent increment strike prices which are twenty increments higher than the strike price described in (i) of this Rule 18.5(A) and; (iii) the twenty fifty-cent increment strike prices which are twenty increments lower than the strike price described in (i) of this Rule 18.5(A) and; (iv) an additional ten strike prices for both call and put options will be listed at $2.50 increments above the highest fifty-cent increment as described in (ii) of this Rule 18.5(A), beginning with the first available such strike that is evenly divisible by $2.50 and; (v) an additional ten strike prices for both call and put options will be listed at $2.50 increments below the lowest fifty-cent increment as described in (iii) of this Rule 18.5(A), beginning with the first available such strike that is evenly divisible by $2.50.

(B) Thereafter, on any Trading Day prior to the expiration of the option: (i) new consecutive fifty-cent increment striking prices for both puts and calls will be added such that at all times there will be at least twenty fifty-cent increment strike prices above and below the at-the-money strike price available for trading in all options Contract Months; and (ii) new $2.50 increment strike prices will be added such that at all times there shall be ten $2.50 increment strike prices above and below the nearest fifty cent increment strike price, beginning with the first available strike prices that are evenly divisible by $2.50. The at-the-money strike price will be the previous Trading Day's DME Settlement Price for DME Oman Crude Oil Futures Contracts rounded in accordance with the procedures set forth in subsection (A)(i) of this Rule 18.5.

(C) Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Board determines that trading in Contracts will be facilitated thereby, the Board may by resolution change the increments between strike prices, the number of strike prices which shall be traded on the first Trading Day in any new option Contract Month, the number of new strike prices which will be introduced on each Trading Day or the period preceding the expiration of a Contract in which no new strike prices may be introduced.

18.6 Expiration

A DME Oman Crude Oil European Style Option Contract shall expire at conclusion of the Settlement session three Trading Days prior to the termination date of the underlying DME Oman Crude Oil Futures Contract.

18.7 Contract Months

Contract Months will be determined by the Exchange.

18.8 Trading Hours

The Exchange shall determine the trading hours from time to time.

18.9 Governing law

This Contract shall be governed by and construed in accordance with English law.

18.10 Disclaimer

See Legal Disclaimers ("DISCLAIMERS") incorporated herein by reference.

Chapter 19 – Brent (Singapore Marker) vs. DME Oman Crude Oil Futures Contract

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19.1 Scope

This Chapter applies to Brent (Singapore Marker) vs. DME Oman Crude Oil Futures Contract (the "Contract").

19.2 Floating Price

(A) The Floating Price for each contract month is the arithmetic average of the Brent Crude Oil (ICE) Futures first nearby contract marker price using the one minute Singapore marker price minus the arithmetic average of the DME Oman Crude Oil Futures first nearby contract Marker Price calculated as of 16:30 (Singapore time) each Trading Day during the contract month (using non-common pricing), except as noted in (B) below.

(B) The marker price of the first nearby contract month will be used except on the last day of trading for the expiring Brent Crude Oil (ICE) Futures contract when the one minute Singapore marker price of the second nearby ICE Brent Futures contract will be used.

19.3 Contract Quantity and Value

The contract quantity shall be 1,000 U.S. barrels. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

19.4 Contract Months

Trading shall be conducted in contracts in such months as shall be determined by the Exchange.

19.5 Prices and Fluctuations

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be $0.001 per barrel. There shall be no maximum price fluctuation.

19.6 Termination of Trading

Trading shall cease on the last Trading Day of the contract month.

19.7 Final Settlement

Delivery under this contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

19.8 Exchange for Related Position

Any Exchange for Related Position (EFRP) transaction shall be governed by the provisions of Exchange Rule 6.25.

19.9 Governing law

This Contract shall be governed by and construed in accordance with English law.

19.10 Disclaimer

See Legal Disclaimers ("DISCLAIMERS") incorporated herein by reference.

Chapter 26 – DME Oman Crude Oil BALMO Futures Contract

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26.1 Scope

This Chapter applies to a DME Oman Crude Oil BALMO Futures Contract (the "Contract").

26.2 Floating Price

The Floating Price for each contract month is equal to the balance-of-month of the DME Oman Crude Oil Futures Contract Marker Price for the contract month that is the first nearby month starting from the selected start date through the end of the contract month, inclusively. The Marker Price shall be calculated as of 16:30 (Singapore time) for each Trading Day that such Marker Price is determined.

26.3 Contract Quantity and Value

The contract quantity shall be 1,000 U.S. barrels. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

26.4 Contract Months

Trading shall be conducted in contracts in such months as shall be determined by the Exchange.

26.5 Prices and Fluctuations

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be $0.001 per barrel. There shall be no maximum price fluctuation.

26.6 Termination of Trading

Trading shall cease on the last Trading Day of the contract month.

26.7 Final Settlement

Delivery under this contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

26.8 Exchange for Related Position

Any Exchange for Related Position (EFRP) transaction shall be governed by the provisions of Exchange Rule 6.25.

26.9 Governing law

This Contract shall be governed by and construed in accordance with English law.

26.10 Disclaimer

See Legal Disclaimers ("DISCLAIMERS") incorporated herein by reference.

Chapter 27 – DME Oman Crude Oil Calendar Futures Contract

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27.1 Scope

This Chapter applies to a DME Oman Crude Oil Calendar Futures Contract (the "Contract").

27.2 Floating Price

The Floating Price for each contract month is equal to the arithmetic average of the DME Oman Crude Oil Futures Contract Marker Prices for the contract month that is the first nearby month calculated as of 16:30 (Singapore time) for each Trading Day that such Marker Price is determined.

27.3 Contract Quantity and Value

The contract quantity shall be 1,000 U.S. barrels. Each contract shall be valued as the contract quantity (1,000) multiplied by the settlement price.

27.4 Contract Months

Trading shall be conducted in contracts in such months as shall be determined by the Exchange.

27.5 Prices and Fluctuations

Prices shall be quoted in U.S. dollars and cents per barrel. The minimum price fluctuation shall be $0.001 per barrel. There shall be no maximum price fluctuation.

27.6 Termination of Trading

Trading shall cease on the last Trading Day of the contract month.

27.7 Final Settlement

Delivery under this contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

27.8 Exchange for Related Position

Any Exchange for Related Position (EFRP) transaction shall be governed by the provisions of Exchange Rule 6.25.

27.9 Governing law

This Contract shall be governed by and construed in accordance with English law.

27.10 Disclaimer

See Legal Disclaimers ("DISCLAIMERS") incorporated herein by reference.

Chapter 31 – DME Oman Crude Oil Average Price Option Contract

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31.1 Scope

This Chapter applies to a DME Oman Crude Oil Average Price Option (the "Contract"), which is a European Style option.

31.2 Trading Unit

A DME Oman Crude Oil put or call option contract traded on the Exchange represents an option to assume a short or long position in the underlying DME Oman Crude Oil Calendar Futures contract traded on the Exchange.

31.3 Prices

Prices shall be quoted in dollars and cents per barrel. The minimum price increment will be one-hundredth cent ($0.001) per barrel. A cabinet trade may occur at the price of $0.001 per barrel or $1.00.

31.4 Strike Prices

Trading shall be conducted for options with strike prices in increments as set forth below:

(A) On the first Trading Day in an option contract month, trading shall be at the following strike prices: (i) the previous day's settlement price for DME Oman Crude Oil Calendar Futures contracts in the corresponding delivery month rounded off to the nearest five-cent ($.05) increment strike price, unless such price is precisely midway between two five-cent ($.05) increment strike prices, in which case it shall be rounded off to the lower five-cent increment strike price; (ii) the five strike prices which are five five-cent increments higher than the strike price described in (i) of this Rule 31.4(A) and; (iii) the five strike prices which are five five-cent ($.05) increments lower than the strike price described in (i) of this Rule 31.4(A).

(B) Thereafter, on any Trading Day prior to the expiration of the option, new strike prices for both puts and calls will be added, such that at all times there will be at least ten five-cent ($.05) increment strike prices above and below the at-the-money strike price available for trading in all option contract months. The at-the-money strike price will be determined in accordance with the procedures set forth in Subsection (A) of this Rule 31.4.

(C) Notwithstanding the provisions of subsections (A) through (B) of this Rule, if the Exchange determines that trading in Contracts will be facilitated thereby, the Exchange may by resolution change the increments between strike prices, the number of strike prices which shall be traded

on the first Trading Day in any new option Contract Month, the number of new strike prices which will be introduced on each Trading Day or the period preceding the expiration of a Contract in which no new strike prices may be introduced.

31.5 Expiration

A DME Oman Crude Oil Average Price Option Contract shall expire on the last Trading Day of the contract month.

31.6 Contract Months

Contract Months will be determined by the Exchange.

31.7 Trading Hours

The Exchange shall determine the trading hours from time to time.

31.8 Exchange for Related Positions

Any Exchange for Related Position (EFRP) transaction shall be governed by the provisions of Exchange Rule 6.25.

31.9 Absence of Price Fluctuation Limitations

Trading in DME Oman Crude Oil Average Price Options shall not be subject to price fluctuation limitations.

31.10 Governing law

This Contract shall be governed by and construed in accordance with English law.

31.11 Disclaimer

See Legal Disclaimers ("DISCLAIMERS") incorporated herein by reference.