

ICE OTC ERROR TRADE POLICY

1. Statement of Purpose

- A. The purpose of this OTC Error Trade Policy (“Error Policy”) is to set forth the procedure and protocol that ICE will follow for managing Error Trades. An Error Trade is an off-market trade executed as a result of a trader’s erroneous use of the ICE platform or by a system defect in the ICE platform. The goal of the Error Policy is to facilitate an orderly market and maintain market integrity while preserving Participants’ expectations that executed transactions will not be altered or cancelled without justification. The Error Policy permits, but does not require, ICE to adjust trade prices or cancel a trade based upon certain conditions. In all circumstances, however, the decision to adjust, cancel, or allow a trade to stand is made by ICE in its sole discretion. This Error Policy is the formal implementation of the relevant rights granted to ICE in the Participant Agreement.

2. Error Policy

A. Considerations

- i. The type of market, not the type of execution, determines the applicable Error Policy. Accordingly, Bilateral Trades executed in a Cleared Market will be subject to the same Cleared Market Error Policy as Cleared Trades. However, since the parties to a Bilateral Trade in a Cleared Market know each other’s identity and have a direct contractual relationship external to ICE, ICE Trade Support will, where possible, solicit and consider the mutual agreement of those parties with regard to Error Trade determination and final resolution.
- ii. ICE reserves the unilateral right to adjust or cancel any trade that it considers to have been executed at an off-market price, even, in rare cases, where there has been no request from a party to the trade to do so. ICE reserves its right to consider each alleged Error Trade situation on its individual merits and may therefore amend the Error Policy in light of the circumstances of each individual case.
- iii. Trades executed off the ICE Platform (Non-Exchange Transactions) and given up to the ICE Platform for clearing purposes will not be subject to this Cleared Trade Error Policy. Rather, those trades may be adjusted or cancelled by the executing broker or by ICE upon mutual agreement of and per the instructions of the two counterparties.

B. Procedure for Reviewing Cleared Trades

- i. To request that a trade be cancelled or adjusted, a Participant (“requesting party”) must call ICE Trade Support within ten (10) minutes of the execution of the trade at:
- | | | |
|----|--------------------------|-----------------------|
| a. | ICE Trade Support - U.S. | 770 738-2101 |
| b. | ICE Trade Support – U.K. | + 44 (0) 20 7488 5100 |
- ii. Upon receiving the request, ICE Trade Support will determine market value at the time of the trade in question by reviewing ICE data and/or by consulting independent third-party price sources including, but not limited to, Participants not involved in the trade and other trading venues. Depending upon the nature of the market involved

and the trading conditions at the time of execution, market value may be defined as a specific price or a narrow price range. Bid, offer, and trade data for the market in question at the time of the trade in question will be the primary consideration in determining market value. However, if necessary, other relevant considerations may include:

- a. Bid, offer, and trade data for closely related products, hubs, and strips;
 - b. Time period between relevant bids, offers, and trades;
 - c. Current market conditions, including levels of activity and volatility;
 - d. Release of economic data or other relevant news just before or after the trade in question; and
 - e. Any other factor that ICE, in its sole discretion, may deem relevant.
- iii. ICE will review the market conditions at the time of the trade in question and analyze whether both parties to the trade were acting in good faith and believed the trade to be a bona fide transaction.
 - iv. Upon determining market value, ICE Trade Support will consult the “No Cancellation Range” (“NCR”) table attached as Exhibit A. ICE sets and may, from time to time, update and republish the NCR table in Exhibit A.
 - v. If the price of the trade in question is equal to or inside the Maximum Number of Ticks range from market value, then the trade will stand. This includes a trade executed a) in a market that was not the market intended (e.g., “wrong product, hub, or strip”) or b) for a quantity that was not the quantity intended (e.g., “wrong quantity”), but was nonetheless executed at a price that was not off-market.
 - vi. If the price of the trade in question is outside the Maximum Number of Ticks range from market value, then the trade will generally be considered off-market, depending upon the circumstances above, and deemed an Error Trade.

C. Procedure for Adjusting or Cancelling Cleared Error Trades

- i. Upon determination that a trade is an Error Trade, ICE Trade Support will attempt to contact the Participant counterparty not responsible for the error (“non-requesting party”) to inform them that the trade is off-market and deemed an Error Trade by ICE.
- ii. ICE Trade Support will typically adjust, but may cancel, any Error Trade reported within the required timeframe. In determining final resolution of the Error Trade, ICE will consider, among other factors, the amount of time required to make the off-market determination and communicate with both parties, whether the Error Trade involves more than two parties, and whether all parties were acting in good faith. Based on these and other factors, ICE Trade Support will make the final decision to adjust or cancel the price of the Error Trade.
- iii. If the Error Trade is to be price adjusted, ICE Trade Support will change the traded price to equal market value at the time of execution as determined by ICE Trade Support plus (if the Error Trade price is above market value) or minus (if the Error Trade price is below

market value) the applicable Maximum Number of Ticks in Exhibit A. ICE Trade Support will then immediately attempt to notify all involved parties of the price adjustment.

- iv. If the Error Trade is to be cancelled, ICE Trade Support will immediately attempt to notify all involved parties of the cancellation.
- v. If the Error Trade involves one or more spreads, ICE Trade Support will adjust or cancel leg prices in a manner consistent with the source of the error. If the Error Trade is off by a full decimal point (i.e. 9.00 vs. .90 vs. .09) then the initial trade and all associated derivations will be cancelled. If the Error Trade is to be price adjusted and the spread price is at market value, ICE Trade Support will preserve the spread price by adjusting both leg prices by the same amount. If the Error Trade is to be price adjusted and one leg price is at market value, ICE Trade Support will preserve that leg price by adjusting the off market spread price and other leg price by the same amount.
- vi. For any Error Trade that is adjusted or cancelled, ICE Trade Support may adjust or similarly cancel other trades executed in that same market at that same time and at that same price or worse.
- vii. If a Participant calls ICE Trade Support after the timeframe specified in this Error Policy, but before the end of the trading day, to request that a trade be adjusted or cancelled, ICE Trade Support will follow steps 2.B.i-vi for reviewing the trade. If ICE Trade Support determines that the price of the trade was off-market and is indeed an Error Trade, ICE will not cancel the trade but the traded price will be adjusted to equal the market value at the time of execution, as determined by ICE Trade Support, plus (if the Error Trade price is above market value) or minus (if the Error Trade price is below market value) the applicable Maximum Number of Ticks in Exhibit A. ICE Trade Support will then immediately attempt to notify all involved parties of the price adjustment.
- viii. ICE Trade Support in its sole discretion will make the final decision as to whether any trade is adjusted, cancelled, or allowed to stand.

D. Procedure for Reviewing Bilateral-Only Error Trades

- i. Liquidity on and/or off the ICE Platform is usually sufficient to readily determine market value for Cleared Markets. However, liquidity in most Bilateral-Only Markets is not sufficiently deep or consistent so as to be relied upon for Error Policy purposes. Consequently, for Bilateral-Only Markets, Error Trades and their appropriate resolution (cancellation or adjustment) will continue to be determined through negotiation and mutual agreement of the two counterparties whose identities are known to each other.

**Exhibit A – No Cancellation Ranges
(Maximum Number of Ticks from Market Value expressed as Price Difference)**

Financial Gas	Day	Spread	Month	Spread	Season	Spread	Calendar	Spread
Henry Hub Swaps	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Basis Swaps	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Swing and Index Swap	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Financial Power	BalDay/NextDay/ BalWeek	Spread	Weekly & Balmo	Spread	Months & Seasons	Spread	Quarter & Calendar	Spread
All Swaps	5.00	5.00	2.00	2.00	1.00	1.00	0.60	0.60
Post LMP Publish	0.05	0.05						
Heat Rate Spread			Month		Quarters		Calendar	
All swaps			0.30		0.30		0.30	
Physical Gas	Day	Spread	Month	Spread	Quarters	Spread	Calendar	Spread
All Swaps	0.02	0.02	0.05	0.05	0.05	0.05	0.05	0.05

Crude Oil	Month	Diff/Spread	Quarters	Diff/Spread	Calendar	Diff/Spread
All Swaps	\$0.50	0.10	\$0.20	0.08	\$0.10	0.08
Refined Products	Month	Diff/Spread	Quarters	Diff/Spread	Calendar	Diff/Spread
All Swaps	\$8	\$4	\$4	\$2.50	\$4	\$2

Options Contracts

Contract	No Cancellation Range	Minimum/Maximum NCR
Henry Hub Options	20% of Premium FMV up to \$0.05	\$0.01 / \$0.05
Power Options	20% of Premium FMV up to \$5	\$1.00 / \$5.00

PHYSICAL ENVIRONMENTAL

Product Group	NCR
RGGI	\$0.10
CAR-CRT, CFI-US & REC-NJ	\$0.25
CCA & SFI	\$0.50
CT & MA REC	\$1.00
CSAPR SO2 & NOX	\$10.00

Please note:

The values for each market are necessarily flexible. ICE reserves its right to consider each alleged error trade situation on its individual merits and may therefore amend these values in light of the circumstances of each individual case and prevailing market conditions. It remains the discretion of ICE to determine when such conditions apply.