

## TRADING PROCEDURES

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<sup>1</sup> Inserted 4 June 2014, Amended 18 September 2014, 27 May 2015, 3 January 2018

<sup>2</sup> Amended 22 April 2005, 29 March 2006, 27 April 2006, Launch of ICE Clear 2008, 4 June 2014

<sup>3</sup> Amended 27 April 2006, Launch of ICE Clear 2008

<sup>4</sup> Amended 22 December 2003, 24 December 2004, 8 April 2005, 29 March 2006, 20 May 2011

<sup>5</sup> Amended 22 December 2003, 03 July 2015

<sup>6</sup> Amended 22 December 2003

<sup>7</sup> Amended 29 March 2006

<sup>8</sup> Amended 29 March 2006

<sup>9</sup> Amended 22 December 2003, 14 March 2014, 4 June 2014

<sup>10</sup> Amended 22 December 2003, 22 April 2005, 7 December 2005, 29 March 2006, 12 May 2006, 17 July 2006, 21 May 2007, 4 December 2008, 6 October 2011, 10 April 2012, 4 June 2014, 3 September 2014, 18 September 2014, 17 March 2015, 27 May 2015, 28 May 2015, 3 June 2016, 29 July 2019

<sup>11</sup> Inserted 27 February 2003, Amended 29 March 2006, 21 April 2006, 22 May 2006, 4 June 2014, 13 June 2016

<sup>12</sup> Inserted 4 June 2014

<sup>13</sup> Inserted 30 March 2005, Amended 29 March 2006, 12 May 2006, 4 April 2011, Deleted 5 December 2011

<sup>14</sup> Inserted 21 May 2007, 4 April 2011, Deleted 5 December 2011

<sup>15</sup> Inserted 4 June 2014

<sup>16</sup> Amended 14 October 2003, 29 March 2006, 10 November 2008, 4 June 2014, 24 September 2018

<sup>17</sup> Amended 29 March 2006, Launch of ICE Clear 2008, 20 January 2014, 4 June 2014, 18 September 2014, 3 June 2016, 3 January 2018, 24 September 2018

<sup>18</sup> Amended 29 March 2006, 4 June 2014, 3 January 2018

<sup>19</sup> Inserted 3 January 2018

<sup>20</sup> Amended 22 April 2005, 29 March 2006

<sup>21</sup> Amended 27 February 2003, 29 March 2006

<sup>22</sup> Amended 29 March 2006, 4 June 2014, 18 September 2014, 3 June 2016

<sup>23</sup> Amended 29 March 2006, Launch of ICE Clear 2008, 4 April 2011, 4 June 2014

<sup>24</sup> Amended 29 March 2006, Launch of ICE Clear 2008, 4 June 2014, 3 January 2018

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<sup>25</sup> Amended 22 December 2003, 29 March 2006, 4 June 2014, 3 September 2014, 18 September 2014

<sup>26</sup> Amended 22 December 2003, 29 March 2006, Launch of ICE Clear 2008, 4 April 2011, 3 January 2018

<sup>27</sup> Inserted 4 June 2014

<sup>28</sup> Amended 29 March 2006

<sup>29</sup> Amended 27 February 2003, 29 March 2006, 23 April 2012

<sup>30</sup> Amended 23 September 2003, amended 25 October 2005, 29 March 2006, Launch of ICE Clear 2008

<sup>31</sup> Amended 4 April 2011, 23 April 2012

<sup>32</sup> Amended 8 April 2005, 29 March 2006, 27 April 2006, 24 September 2018

<sup>33</sup> Amended 29 March 2006, Launch of ICE Clear 2008

<sup>34</sup> Amended launch of ICE Clear 2008

<sup>35</sup> Amended 29 March 2006, 15 October 2012, 29 January 2014, 18 September 2014, 3 June 2016, , 24 September 2018

<sup>36</sup> Amended launch of ICE Clear 2008, 18 September 2014

<sup>37</sup> Inserted 8 April 2005, 29 March 2006, Launch of ICE Clear 2008

<sup>38</sup> Amended 7 December 2005, 29 March 2006, 5 January 2007, 4 April 2011, 4 June 2014, 18 September 2014, 3 June 2016, 24 September 2018

<sup>39</sup> Amended 8 April 2005, 25 October 2005, 7 December 2005, Launch of ICE Clear 2008, 16 November 2016

<sup>40</sup> Inserted 8 April 2005

<sup>41</sup> Amended 10 November 2003, 29 March 2006, Launch of ICE Clear 2008, 4 April 2011, 23 April 2012, 15 October 2012

<sup>42</sup> Amended 29 March 2006

<sup>43</sup> Amended 23 September 2003, 7 December 2005, 29 March 2006, 4 June 2014

<sup>44</sup> Amended 29 March 2006, Launch of ICE Clear 2008

<sup>45</sup> Inserted 8 April 2005, Deleted 4 June 2014

<sup>46</sup> Inserted 3 January 2018

<sup>47</sup> Inserted 24 September 2018

<sup>48</sup> Amended 14 September 2004, 4 June 2014, 3 June 2016, 24 September 2018

<sup>49</sup> Amended 22 April 2005, 7 December 2005, 29 March 2006, 5 January 2007, 18 December 2007, Launch of ICE Clear 2008, 4 April 2011, 29 January 2014, 3 January 2018, 24 September 2018

<sup>50</sup> Inserted 4 June 2014, amended 3 September 2014, 18 September 2014, 27 May 2015, 12 October 2015, 3 June 2016, 3 January 2018, 24 September 2018

<sup>51</sup> Inserted 4 June 2014, amended 18 September 2014, 12 October 2015, 3 January 2018, 24 September 2018

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<sup>52</sup> Inserted 3 June 2016; Amended 14 February 2018, 24 September 2018

<sup>53</sup> Amended 22 April 2005, 7 December 2005, 29 March 2006, 21 April 2006, 24 April 2006, 18 December 2007, Launch of ICE Clear 2008, 4 April 2011, 20 May 2011, 01 November 2013, 29 January 2014, 4 June 2014, 18 September 2014, 12 October 2015, 24 September 2018

<sup>54</sup> Inserted 5 December 2011, 29 January 2014, 24 September 2018

**SECTION 0: DEFINITIONS<sup>55</sup>**

In these Trading Procedures, the words standing in the first column of the following table shall bear the meanings set opposite them in the second column thereof, if not inconsistent with the subject or context:-

<b>WORDS</b>	<b>MEANINGS</b>
"Bond Futures Contract"	a contract containing the terms set out in any of Sections RRRR, TTTT or VVVV of the Contract Rules and or any other contract determined to be a Bond Futures Contract by the Directors from time to time;
"Closing Prices"	means the prices determined in accordance with Trading Procedure 2.5A for designated Futures Contracts;
"Equity Index Futures Contract"	a contract containing the terms set out in any of Sections CCCCC, EEEEE, GGGGG, IIIII, KKKKK, MMMMM or OOOOO of the Contract Rules and or any other contract determined to be an Equity Index Futures Contract by the Directors from time to time;
"Eris Futures Contract"	a contract containing the terms set out in Sections QQQQQ or SSSSS of the Contract Rules and or any other contract determined to be an Eris Futures Contract by the Directors from time to time;
"Euro Swapnote® Futures Contract"	a contract containing the terms set out in Section XXXX of the Contract Rules and or any other contract determined to be a Euro Swapnote® Futures Contract by the Directors from time to time;
"Exchange Delivery Settlement Price"	means the prices determined by the Exchange in accordance with Trading Procedure 2.4.11;
"Individual Equity Options Contract"	a contract containing the terms set out in Sections IIIII, KKKKK or MMMMM of the Contract Rules and or any other contract determined to be an Individual Equity Options Contract by the Directors from time to time;
"Official Settlement Price"	means the prices determined by the Exchange in accordance with Trading Procedure 2.4.11;
"RFQ"	means request for quote;
"Short Term Interest Rate Futures Contract"	a contract containing the terms set out in any of Sections NNNN, PPPP or GGGGG of the Contract Rules and/or any other contract determined to be a Short Term Interest Rate Futures Contract by the Directors from time to time;
"Soft Commodity EFP"	the meaning given in Trading Procedures 16B.1(a);
"Soft Commodity EFRP"	the meaning given in Trading Procedures 16B.1;
"Soft Commodity EFRP Facility"	the meaning given in Trading Procedures 16B.1;
"Soft Commodity EFS"	the meaning given in Trading Procedures 16B.1(b);
"Soft Commodity EOO"	the meaning given in Trading Procedures 16B.1(c);
"Soft Commodity Futures Contract"	a contract containing the terms set out in any of Sections EEEE, GGGG, IIII or KKKK of the Contract Rules and or any other contract determined to be a Soft Commodity Futures Contract by the Directors from time to time;

<sup>55</sup> Inserted 4 June 2014, 18 September 2014, 27 May 2015, 3 January 2018

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"Soft Commodity Options Contract"	a contract containing the terms set out in Section MMMM of the Contract Rules and or any other contract determined to be a Soft Commodity Options Contract by the Directors from time to time;
"Swapnote® Futures Contract"	a contract containing the terms set out in any of Sections XXXX, ZZZZ, BBBB or DDDD of the Contract Rules and or any other contract determined to be a Swapnote® Futures Contract by the Directors from time to time;
"Universal Stock Futures Contract"	a contract containing the terms set out in any of Sections QQQQ, SSSS or UUUU of the Contract Rules and or any other contract determined to be a Universal Stock Futures Contract by the Directors from time to time;
"UTC"	means the Coordinated Universal Time issued and maintained by the timing centres listed in the latest International Bureau of Weights and Measures annual report on time activities;
"Unofficial Settlement Price"	means the prices determined by the Exchange in accordance with Trading Procedures 2.4.4 to 2.4.11.

**SECTION 1: TRADING****1 ACCESS TO THE ELECTRONIC TRADING SYSTEM<sup>56</sup>****1 [DELETED]**

1.1 Access by a Member to the ICE Platform may only be obtained during the hours determined by the Directors from time to time.

A Member shall not enter orders into or make trades through the ICE Platform for Emission Contracts unless the Member is the holder of an Emissions Trading Privilege.

1.2 A Member may access the Trading Server by using the front end application provided by the Exchange or by using, where available, any other front end application developed by the Member or provided by an ISV which meets all the conformance criteria determined by the Exchange from time to time.

1.2.1 A Member shall not enter orders into or make trades through the ICE Platform, or perform any supervisory role except through one or more individuals registered with the Exchange as Responsible Individuals pursuant to Trading Procedure 14.

1.2.2 Trading may also be conducted by other individuals within the Member, provided such individuals are suitable and adequately trained in accordance with Rule A.11(c). These individuals may only submit orders under the ITM (s) of a Responsible Individual registered to the Member and under his supervision.

1.2.3 Trading may also be conducted by a Member's clients (order routing) where access to the ICE Platform is granted by the Member to clients, provided the client orders are submitted under an ITM assigned to a Responsible Individual and under the relevant Responsible Individual's supervision.

1.3 In order to gain access to the ICE Platform for the purpose of entering an order, making a trade or performing a supervisory role, a Responsible Individual must:

- (a) be registered by a Member with the Exchange as a Responsible Individual;
- (b) use the ITM, log on and password allocated to him by the Exchange;
- (c) be able to obtain the use of his Member's ICE Platform workstation and to enter orders, make trades or perform a supervisory role in accordance with the ICE Platform User Guide or where the Member uses any other front end application in accordance with that front end application user guide;
- (d) be registered by the appropriate regulatory organisation if applicable.

1.4 [Deleted 27 April 2006]

1.5 A Member shall:

- (a) establish its trading arrangements such that each Responsible Individual is able to meet the requirements set out in Trading Procedure 1A and that all other relevant obligations contained in the Regulations and these Trading Procedures are complied with;
- (b) implement suitable security measures such that only those individuals explicitly authorised to trade by the Member may gain access to passwords;
- (c) keep the Exchange promptly informed of anything concerning the Responsible Individual which might reasonably be expected to be disclosed to the Exchange. This duty shall arise as soon as the Member becomes aware, or has reasonable grounds for believing, that a matter requiring disclosure has arisen;
- (d) ensure that any trading access granted to individuals (whether staff of the Member or otherwise), for example by way of order routing systems, is adequately controlled and supervised, including the ability to make appropriate checks before any orders are submitted to the Trading Server; and
- (e) register with the Exchange, in accordance with Exchange requirements from time to time in force, any

<sup>56</sup> Amended 23 September 2003, 22 April 2005, 29 March 2006, 27 April 2006, Launch of ICE Clear 2008

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front end application or order routing system intended to be used in respect of Exchange business and only operate such front end application or order routing system which complies with Exchange Conformance criteria with the prior written approval of the Exchange, in respect of business conducted on the ICE Platform.

- 1.6 A Member who has access restricted to view price data only, may access the ICE Platform through individuals who are not Responsible Individuals.

### 1A THE RESPONSIBLE INDIVIDUAL<sup>57</sup>

- 1A.1 A Responsible Individual may trade himself and/or be a trading supervisor.

1A.1.1 [Deleted 27 April 2006]

1A.1.2 [Deleted 27 April 2006]

- 1A.2 Trading may also be conducted by other individuals within the Member, at the discretion of the Member, provided such individuals are fit and proper, suitable and adequately trained in accordance with Rule A.11(c). These individuals may only submit orders under the ITM(s) of a Responsible Individual registered to the Member, and under his supervision.

- 1A.3 Where access to the ICE Platform is granted by the Member to clients (order routing) the Member must ensure that client orders are submitted under an ITM assigned to a Responsible Individual and under the relevant Responsible Individual's supervision.

- 1A.4 A Responsible Individual must:

- (a) pursuant to Rule A.11(c), be adequately trained and fully conversant with the Exchange Regulations, Contract Rules and Trading Procedures;
- (b) be assigned at least one ITM, and a valid password for each, by the Exchange; and
- (c) pursuant to Trading Procedure 3.1.4, conduct all telephone conversations on audio logged lines.

1A.5 [Deleted 27 April 2006.]

- 1A.6 In the normal course of events, the Exchange will direct all queries in relation to business submitted under his ITM(s) to the Responsible Individual concerned, whether or not the business was actually input directly by him. In this respect, the Responsible Individual must:

- (a) have the authority to adjust or withdraw any orders submitted under his ITM(s);
- (b) satisfy himself of the competence, fitness and properness and suitability of any person conducting business under his ITM(s);
- (c) ensure, as far as possible, that all business conducted under his ITM(s) is conducted in accordance with the Regulations; and
- (d) know, and be willing to disclose to the Exchange, the immediate source of all orders.

- 1A.7 (a) Subject to (b) below, the Responsible Individual must be contactable by the Exchange while his ITM(s) is/are in use.
- (b) When a Responsible Individual is absent, and therefore not contactable, yet his ITM(s) is/are to continue to be used, the Member must nominate another Responsible Individual to fulfil his role in respect of the relevant ITM(s).

## 2 TRADING

### 2.1 Pre-Trading Session for Contracts other than Options Contracts<sup>58</sup>

Prior to commencement of a trading session for a Contract for such period as may be specified by the Exchange, a Member may enter new limit orders into, and may vary or cancel such orders, in the order book held on the ICE Platform workstation. Market orders may not be entered during this pre-trading session.

All limit orders which are designated as active are included in the opening match at the end of the pre-trading session.

<sup>57</sup> Amended 29 March 2006, 27 April 2006, Launch of ICE Clear 2008

<sup>58</sup> Amended 22 December 2003, 29 March 2006, 03 July 2015

Throughout the pre-open session for a Contract, an uncrossing algorithm will run at such periods as determined by the Exchange, and will provide volume and indicative opening prices to all workstations of individuals logged on at that time.

Reasonability checks are performed on such Contracts as designated by the Exchange during this period.

### 2.1A Opening Match for Contracts other than Options Contracts<sup>59</sup>

After the termination of the pre-trading session and before the commencement of the trading session there will be a transitory state known as the opening match. During the opening match all outright limit orders input and designated as active during the pre-trading session become active and, where appropriate, trades will result.

The price level and quantity of Contracts traded during the opening match are determined by an algorithm determined by the Exchange from time to time. No new orders may be input during the opening match.

### 2.2 Commencement of a Trading Session<sup>60</sup>

2.2.1 The commencement of a trading session for a Contract will be indicated by the display of the ‘open’ indicator in accordance with the ICE Platform User Guide or user guide of any front end application used by the Member.

### 2.3 Termination of a Trading Session<sup>61</sup>

2.3.1 The termination of a trading session for a Contract will be indicated by the display of the ‘closed’ indicator in accordance with the ICE Platform User Guide or user guide of any front end application used by the Member. No further orders can be entered or trades made until the commencement of the next pre-trading or trading session for such Contract as the case may be.

### 2.3A Reasonability limits for Contracts other than Options Contracts<sup>62</sup>

The Exchange shall set and may vary a reasonability limit within the Trading Server for each contract beyond which the Trading Server will not execute limit or market orders. The reasonability limit is the amount the price may change in one trading sequence from the last traded price of that contract month, or from a price determined by an algorithm in the Trading Server.

An order placed that is outside of the reasonability limit shall be rejected by the ICE Platform in full.

### 2.4 Determination of Settlement and Marker Prices<sup>63</sup>

2.4.1 The Exchange shall determine Unofficial Settlement Prices for all Contracts in accordance with the settlement price procedures in this Trading Procedure 2.4. The Exchange may, in its absolute discretion, exclude trades from the calculation of Unofficial Settlement Prices if it considers it to be in the best interests of the Market to do so.

2.4.2 Marker prices shall be determined by the Exchange in accordance with the Marker Price Procedures set out in Trading Procedure 2.4.12-2.4.19. The Exchange may, in its absolute discretion, exclude trades from the calculation of marker prices if it considers it to be in the best interests of the Market to do so.

2.4.3 Prices of EFP, EFS, Block Trades, Basis Trades, Soft Commodity EFRPs, Asset Allocations and leg prices from spread trades (“S”), crack trades (“C”) and Volatility trades (“V”) will not be used to determine the Unofficial Settlement Prices nor the marker prices.

#### Settlement Price Procedures

2.4.4 The Unofficial Settlement Prices for each Contract, excluding designated stock futures and index futures, Eris Futures Contracts and SARON Indexed Futures Contracts, will be determined from trades made during such period of time (the “designated settlement period”) as may be specified by the Exchange from time to time.

In determining whether the Unofficial Settlement Prices for Contracts are an accurate reflection of prevailing values the Exchange shall take into account:

<sup>59</sup> Amended 22 December 2003

<sup>60</sup> Amended 29 March 2006

<sup>61</sup> Amended 29 March 2006

<sup>62</sup> Amended 22 December 2003, 14 March 2014, 4 June 2014

<sup>63</sup> Amended 21 October 2004, 8 April 2005, 22 April 2005, 7 December 2005, 29 March 2006, 21 April 2006, 12 May 2006, 17 July 2006, 21 May, 2007, 4 December 2008, 6 October 2011, 10 April 2012, 4 June 2014, 3 September 2014, 18 September 2014, 17 March 2015, 27 May 2015, 28 May 2015, 3 June 2016, 29 July 2019



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- (a) the number of lots and prices traded on the ICE Platform during the designated settlement period;
- (b) the price and volume of bids and offers made during the designated settlement period;
- (c) the conduct of trading during the designated settlement period;
- (d) observed and reported values of calendar spreads;
- (e) any other factor the Exchange, in its absolute discretion, considers relevant;

and may, in its absolute discretion, disregard any trades, bids or offers in setting the Unofficial Settlement Prices.

2.4.5 In determining the Unofficial Settlement Prices for Options Contracts, the Exchange shall take into account any one or more of the following:

- (a) any trades in the contract month during the course of the Trading Day whether outright or strategy trades;
- (b) any bids or offers in the contract month during the day whether for strategies or otherwise;
- (c) any trades, bids, or offers in the designated settlement period of trading;
- (d) assessment of the relevant strategies of previous Trading Days;
- (e) the implied volatility of any traded series during the day;
- (f) any other factors they may consider relevant;

and may, in its absolute discretion, disregard any trades, bids or offers in setting the Unofficial Settlement Prices.

2.4.5A The Unofficial Settlement Prices for designated stock futures and index futures will be determined by the official closing price method. A list of designated stock futures and index futures will be specified by the Exchange by notice posted on the Market. In respect of the official closing price method, the Unofficial Settlement Price shall be determined by a fair value calculation using the official daily closing price of the company security or the index of such securities (as the case may be) established by the relevant stock exchange. Where such official daily closing price is not available, the Exchange shall determine the Unofficial Settlement Price, at its absolute discretion, on the basis of a fair value calculation which is consistent with cash market values of the shares the subject of such Contract.

2.4.5B The Unofficial Settlement Prices for Eris Futures Contracts will be determined in accordance with the provisions of the Contract Rules concerning daily settlement prices.

2.4.5C The Unofficial Settlement Prices for SARON Indexed Futures Contracts will be determined using a fair value model utilising market data to extrapolate settlement prices. In the case that the required market data is not available, the Exchange shall determine the Unofficial Settlement Price, at its absolute discretion, reflecting fair value assessment.

2.4.6 The Unofficial Settlement Price for Contracts (other than those which are the subject of Trading Procedure 2.4.5A or Trading Procedure 2.4.5B) shall be:

- (a) For the designated anchor expiry, the trade weighted average, as detailed in Trading Procedure 2.4.19, of all trades executed in the designated settlement period, subject to Trading Procedure 2.4.6(c) below. The designated anchor expiry shall be the qualifying contract expiry (which for these purposes shall include both contract months and contract dates) which has traded the highest volume in the designated settlement period, provided that the volume traded during the designated settlement period is equal to or exceeds a level determined by the Exchange from time to time. In the event that no qualifying contract expiry meets this threshold, Unofficial Settlement Prices shall be determined as described in Trading Procedure 2.4.5(b) below. Qualifying contract expiries are further explained below.
  - (i) For ICE Brent, ICE Low Sulphur Gasoil and ICE UK Natural Gas Futures Contracts, qualifying contract expiries are the first two expiries.
  - (ii) For ICE Emission Futures Contracts, qualifying contract expiries are the first two December expiries.
  - (iii) For ICE Interest Rate Futures Contracts (excluding ERIS Futures Contracts) and ICE FTSE 100 and ICE FTSE 250 Index Futures Contracts, qualifying contract expiries will be the first four

quarterly expiries.

- (iv) For ICE Soft Commodity Contracts, qualifying contract expiries will be the first six expiries.
  - (v) For all other Contracts, all expiries are qualifying contract expiries.
- (b) Unofficial Settlement Prices for Contracts other than the designated anchor expiry described in Trading Procedures 2.4.6(a) above, shall, at the discretion of the Exchange, and subject to Trading Procedure 2.4.6(c), be:
- (i) The trade weighted average price as detailed in Trading Procedure 2.4.19; or
  - (ii) a price determined by applying prevailing spread values to the designated anchor expiry determined by the method outlined in Trading Procedure 2.4.6(a) above; or
  - (iii) a Quoted Settlement Price (“QSP”) which is an average of quoted prices for specific contract dates provided daily by market participants. QSPs may be used to interpolate Unofficial Settlement Prices for those contract dates for which no quoted prices are received from market participants or for which no bid or offer quotes are made; or
  - (iv) a price determined by the Exchange taking account of bids and offers, spread values during the ICE Platform trading session or provided by market participants, activity in other Contracts or groups of Contracts, and/or in a related market, previous Trading Day’s settlement prices, and/or other prices that are recorded by the Exchange or any other factors considered relevant.
- (c) If the prevailing bids and offers and trading activity throughout the day is such that using the prices determined in (a) or (b) above would undermine the integrity of the structure of the respective contract, the Exchange in accordance with Trading Procedure 2.4.5, may, at its discretion, choose to disregard any trades, bids and offers when setting the Unofficial Settlement Prices.
- (d) for Options Contracts; where no option trades are executed in the designated settlement period, or no option trade has taken place in a particular option series, the Exchange may apply Trading Procedure 2.4.8 below.

2.4.7 [Deleted May 2015]

2.4.8 In the event Trading Procedure 2.4.6(d) applies the Unofficial Settlement Prices for Options Contracts shall be determined at the discretion of the Exchange as either:

- (a) a price extrapolated from a pricing model (as approved by the Exchange from time to time) which may require the use of quotes provided by market participants; or
- (b) a price determined by the Exchange taking account of any of the criteria listed in Trading Procedures 2.4.4 and 2.4.5 above.

2.4.9 If the Exchange is satisfied that the Unofficial Settlement Prices so determined are an accurate reflection of prevailing values for all contract months, these shall be displayed on the ICE Platform as the Unofficial Settlement Prices.

2.4.10 If the Exchange is not satisfied that the Unofficial Settlement Prices so determined are an accurate reflection of prevailing values of one or more contract months, it may consult market participants (who may or may not be Members) and/or senior Exchange staff before the Unofficial Settlement Prices are displayed on the ICE Platform. The Exchange alone will make the final decision as to the determination of the Unofficial Settlement Prices.

2.4.11 After the display on the ICE Platform of the Unofficial Settlement Prices for a Contract, or the corrected Unofficial Settlement Prices amended in accordance with Trading Procedures 2.4.17 and 2.4.18, and within such a period of time as may be published by the Exchange from time to time, such prices shall be communicated to the Clearing House forthwith and shall become the Official Settlement Prices or Exchange Delivery Settlement Price for such Contract.

#### **Marker Price Procedures**

2.4.12 Marker prices for each Marker will be determined from trades made during such period of time (the “Marker

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Period”) as may be specified by the Exchange from time to time.

In determining whether the marker price for each Marker is an accurate reflection of prevailing values the Exchange shall take into account:

- (a) the number of lots and prices traded on the ICE Platform during the Marker Period;
- (b) the price and volume of bids and offers made during the Marker Period;
- (c) during the conduct of trading the Marker Period; and
- (d) any other factor the Exchange, in its absolute discretion, considers relevant.

2.4.13 The marker price shall be:

- (a) where the total number of lots traded during the Marker Period is equal to or exceeds a level determined by the Exchange from time to time, the trade weighted average as detailed in Trading Procedure 2.4.19 below; or
- (b) where the total number of lots traded during the Marker Period is fewer than the level determined by the Exchange from time to time, the Exchange may take into account prevailing spread values.

2.4.14 If the Exchange is satisfied that the marker prices so determined are an accurate reflection of prevailing values for all marker months, these shall be published as the marker prices.

2.4.15 If the Exchange is not satisfied that the marker prices so determined are an accurate reflection of prevailing values of one or more marker months, it may consult market participants (who may or may not be Members) and/or senior Exchange staff before the marker prices are published. The Exchange alone will make the final decision as to the determination of the marker prices.

2.4.16 Subject to any objections or amendments made in accordance with Trading Procedures 2.4.17 and 2.4.18, the marker prices, as published, are final.

### Settlement or Marker Price Objections and Amendments for all Contracts

2.4.17 Any objections to an Unofficial Settlement Price or marker price must be made to the Exchange within a specified time period (as may be determined by the Exchange from time to time) after publications or on display on the ICE Platform. Any objections will be settled forthwith by the Exchange (who may or may not be Members) and/or senior Exchange staff before confirming or amending the Unofficial Settlement Price or the marker price. The Exchange alone will make the final decision as to the determination of the Official Settlement Prices or Exchange Delivery Settlement Prices and the marker prices.

2.4.18 No amendment to an Official Settlement Price or Exchange Delivery Settlement Price or marker price may be made without the express approval of the compliance officer or the Head of Market Supervision, or any person or persons appropriately authorised.

### Trade Weighted Average Calculation

2.4.19 The trade weighted average is calculated as follows:

- (a) multiply the number of trades at each price by that price;
- (b) add together the resulting aggregate figures;
- (c) divide the total from (b) by the total number of trades in (a);
- (d) round up or down to the nearest tick level (when exactly halfway, round up: e.g. \$592.375 would be rounded up to \$592.50).

**Example:** if 60 Contracts at \$592.25; 180 Contracts at \$594.00 and 40 ICE Futures Low Sulphur Gasoil Futures Contracts at \$594.25, then the trade weighted price will be \$593.66, which is then rounded up to \$593.75.

2.5 **'Settlement' Trades**<sup>64</sup>

2.5.1 The Exchange may determine from time to time those Contracts and contract months for which Members may

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<sup>64</sup> Inserted 27 February 2003, amended 29 March 2006, 20 May 2011, 4 June 2014, 13 June 2016

execute trades at a settlement price determined by the Exchange or at a settlement (or closing) price provided by a price reporting agency (PRA) ('settlement trade'), and the trading hours of each contract during which Members may execute trades at the applicable settlement price.

- 2.5.2 The Exchange may also designate Contracts and contract months where Members may execute trades at a premium or discount to the settlement price determined by the Exchange or the settlement (or closing) price provided by a PRA, as applicable. When designating such Contracts and contract months the Exchange may limit the permissible trading range around the applicable settlement price within which trades may be executed. The Exchange may vary this trading range at any time with immediate effect.
- 2.5.3 Settlement trades are executed on the ICE Platform at a price of zero representing the settlement price. For those Contracts and contract months where it is permitted to trade at a premium or discount to the applicable settlement price, the price of such settlement trades will be prefixed by a plus or minus sign as appropriate. For example, settlement trades executed at +1cent will be at a premium of 1 cent to the settlement price while those executed at -1cent will be at a discount of 1 cent to the applicable settlement price.
- 2.5.4 Settlement trades appear in the ICE Systems with the previous Trading Day's settlement price as representing the settlement price for that Trading Day. These prices are replaced by the Exchange with the Official Settlement Prices or the settlement (or closing) price provided by the PRA, (as applicable) or Exchange Delivery Settlement Prices (once determined). In the event that the settlement (or closing) price provided by the PRA is not available, the price shall be replaced by the Exchange with the Official Settlement Price. Prices will be adjusted appropriately where a trade has been executed at a premium or discount to the applicable settlement price.
- 2.5.5 Members may not amend the price of a settlement trade.

#### **2.5A Closing Prices for Designated Futures Contracts<sup>65</sup>**

- 2.5A.1 Following market close, the Exchange will declare Closing Prices for designated Futures Contracts, which will be determined by the ICE Platform, during the last thirty seconds of trading (known as the Closing Range). However, the Exchange will also monitor market activity in the time period after calculation of settlement prices, and indeed throughout the Trading Day, and may correct or amend Closing Prices, to ensure they are a fair reflection of the market. The Exchange shall designate by notice posted on the Market those Futures Contracts for which Closing Prices shall be determined.
- 2.5A.2 Once determined, Closing Prices will be transmitted to market participants. Closing Prices are not Unofficial Settlement Prices, Official Settlement Prices or Exchange Delivery Settlement Prices, which are transmitted at a different time.

2.6 **[Deleted 5 December 2011]**<sup>66</sup>

2.7 **Deleted 5 December 2011]**<sup>67</sup>

#### **2.8 Stock Contingent Trades<sup>68</sup>**

- 2.8.1 Subject to the appropriate trading rights, Members may execute strategies in Individual Equity Options Contracts that are contingent upon the execution of a transaction in the underlying security using the ICE Platform stock contingent trade facility. Both the Individual Equity Options Contracts (in this Trading Procedure 2.8, "options") and underlying company security components (in this Trading Procedure 2.8, "stock") of any order in respect of a stock contingent trade must be executed on behalf of the same client or account, as the case may be.
- 2.8.2 A list of stock contingent trades available for trading on the ICE Platform is specified by the Exchange by notice posted to the Market and may be varied from time to time by the Exchange.
- 2.8.3 In order to execute a stock contingent trade a Member must specify, in addition to the order details required for options trades, the name, volume and price of the stock, as well as the delta in the case of volatility trades. Members are required to quote:
- (a) an options price consistent with the best bid and best offer available in the market at the time; and

<sup>65</sup> Inserted 4 June 2014

<sup>66</sup> Amended 29 March 2006, 12 May 2006, 4 April 2011, deleted 5 December 2011

<sup>67</sup> Inserted 21 May 2007, 4 April 2011, deleted 5 December 2011

<sup>68</sup> Inserted 4 June 2014

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(b) a stock price consistent with prices prevailing in the equity market on that Trading Day.

In the case of volatility trades, the options and stock prices and the delta quoted in the order will be checked by the Exchange in order to ensure the appropriateness of the stock price used.

- 2.8.4 In the case of conversions and reversals, the volume of stock transacted must be consistent with the net delta for that position.
- 2.8.5 A separate market will be created for each stock contingent trade order submitted with different option price or delta details. A Member is not permitted to create a new stock contingent trade market unless there is a genuine need to do so. For the avoidance of doubt, a Member must not create a new stock contingent trade market in order to avoid his order being entered to, and thereby interacting with, a stock contingent trade market with almost identical characteristics which has already been created.
- 2.8.6 Orders in respect of stock contingent trades will only trade if:
- (a) details of both the stock and the options components (and the delta in the case of volatility trades) match, albeit that an order may be accepted in part providing the ratio of stock to options contracts traded is the same for both the buying and selling sides; and
  - (b) in the case of stock contingent volatility trades, the options and stock price and the delta quoted are validated by the Exchange.
- 2.8.7 Details of the options component of stock contingent trades will be posted to market participants and quote vendors, identified as part of a strategy. Details of the stock component will also be published.

### 3 ORDERS

#### 3.1 Order Slips and Records of Trades<sup>69</sup>

- 3.1.1 (a) A Member is responsible for ensuring that an order received from a client for execution or registration (including an order for a Block Trade, EFPs, EFSs, EFM, Basis Trades, Soft Commodity EFRPs and Asset Allocations) during a trading session for a Contract on the ICE Platform (whether such order is received before or in the course of a trading session on the ICE Platform) is recorded on an order slip or entered into an electronic order system or submitted through an order routing system or front end application as soon as received.
- (b) Order slips must be time-stamped on a time-stamping machine unique to that Member or the time of all orders must be recorded electronically immediately upon receipt. The time-stamp or electronic recorder must be at all locations where orders are received.
- (c) In the case of entering orders into an order routing system or front end application the Member must ensure that there is an adequate audit trail of submission of orders to the Trading Server.
- 3.1.2 The written order slip or electronic record of an order must contain the following information:
- (a) Member identification;
  - (b) identity of individual submitting the order to the Trading Server and the ITM under which it is submitted;
  - (c) identity of the individual completing the order slip or electronic record of an order;
  - (d) client identification/reference (a code is sufficient) ;
  - (e) buy/sell;
  - (f) volume;
  - (g) contract code;
  - (h) put/call and exercise price (if applicable);

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<sup>69</sup> Amended 21 October 2004, 29 March 2006, Launch of ICE Clear 2008, 10 November 2008 (Rule F.3(d) amendment 9 July 2008), 20 January 2014, 4 June 2014, 18 September 2014, 3 June 2016, 3 January 2018, 24 September 2018

- (i) delivery/expiry month;
- (j) price, price limit, or price range;
- (k) any special instructions (including whether the order is a Block Trade order, or an EFP/EFS order);
- (l) strategy type indicator (if applicable);
- (m) order type (e.g. market; limit; stop). and
- (n) time stamp of order receipt; order entry and of every alteration.

Records for electronic orders must include all of the above information, and also include the following:

- (o) Clearing Member identification;
- (p) futures or option indicator;
- (q) order identification;
- (r) deal identification;
- (s) Authorised trader tags (Tag numbers 115, 116, 144);
- (t) clearing account name or code;
- (u) if a reserve quantity order, the reserve quantity; and
- (v) memo field (to include additional account information where applicable)

Every alteration to the order (including withdrawal or cancellation) shall be time-stamped or recorded electronically. All time stamps must be recorded to the highest level of precision provided.

Members must also ensure that all trade records contain, at a minimum, the above information.

Additional information may be required to be recorded from time to time in accordance with Rule G.16 (f).

Members must ensure that where they operate any electronic system which submits orders directly to the ICE Platform (e.g order routing systems or front end applications) their systems arrangements are compatible with the Exchange requirements for orders and meet the Exchange's front end applications conformance criteria.

- 3.1.3 The order slip or electronic record of the order together with the relevant the ICE Platform trade records must be retained by the Member for a minimum period of seven years after the date of the transaction.
- 3.1.4 Members shall ensure that any telephone line used for the receipt or giving of orders is tape recorded and the recordings kept for a minimum period of seven years, unless the Member can satisfy the Exchange that, given the nature and extent of its business conducted on the Exchange, compliance with these tape recording and storage obligations would be disproportionate and unduly burdensome.
- 3.1.5 In the case of Block Trades, Basis Trades, Soft Commodity EFRPs and Asset Allocations, Members must record the time of verbal agreement of the terms of the trade between the parties to the trade and the name of the person who agreed the trade off-exchange (the cleared part of which being subject to a Contingent Agreement to Trade).
- 3.2 **Input, Cancellation and Variation of Orders**<sup>70</sup>
  - 3.2.1 All orders (except Block Trade orders) shall be entered into the ICE Platform in accordance with and in a form permitted by the Regulations and in the manner set out in the ICE Platform User Guide, or user guide of any approved front end application used by the Member.

Orders in respect of Utility contracts shall be in a multiple of the minimum trading size as determined by the Directors from time to time.
  - 3.2.2 Orders entered into the ICE Platform may only be activated, (including reactivated), deactivated, cancelled,

<sup>70</sup> Amended 29 March 2006, 4 June 2014, 3 January 2018

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withdrawn or varied prior to the execution of the same in accordance with and in a form permitted by these Trading Procedures and the ICE Platform User Guide, or user guide of any front end application used by the Member, or in such other manner or circumstances as the Directors may determine from time to time.

- 3.2.3 Activated orders will be held in a queue for execution in price and time priority in accordance with Procedure 3.8.2.
- 3.2.4 The Directors shall from time to time implement such systems and procedures as it considers appropriate to require that Responsible Individuals who have entered orders into the ICE Platform shall promptly advise Market Supervision in the event that information relating to such orders or any trades resulting from the execution of any such order is not displayed or is displayed erroneously.
- 3.2.5 Where a Member is experiencing technical difficulties, the Exchange may delete orders in the order book held in the ICE Platform at the relevant Member's request, on a best endeavours basis and at the Exchange's absolute discretion.
- 3.2.6 The Exchange shall have the power to impose the following arrangements in order to prevent disorderly trading and breaches of capacity limits:
  - (a) limits per Member of the number of orders sent per second;
  - (b) mechanisms to manage volatility; and
  - (c) pre-trade controls.

### 3.2A Pre-trade Controls<sup>71</sup>

- 3.2A.1 The Exchange shall have the power to set the following pre-trade controls adapted for each financial instrument traded on the Exchange:
  - (a) price collars, which automatically block orders that do not meet pre-set price parameters on an order-by-order basis;
  - (b) maximum order value, which automatically prevents orders with uncommonly large order values from entering the order book by reference to notional values per financial instrument; and
  - (c) maximum order volume, which automatically prevents orders with an uncommonly large order size from entering the order book.
- 3.2A.2 Such limits and controls may be adjusted at any time. Orders may be rejected if a limit or control is breached, unless agreed otherwise by the Exchange upon the request of a Member.

### 3.3 Validity of Orders<sup>72</sup>

- 3.3.1 A Member's order entered in the ICE Platform will remain valid:
  - (a) until accepted in full in accordance with these Trading Procedures (in the event of acceptance of part of an order the size of the order will be correspondingly reduced);
  - (b) until deactivated or withdrawn by the Member;
  - (c) (until the price, volume or contract date of such order is varied by the Member creating a new order; (Note: an increase in volume will constitute a new order; a decrease in volume will retain the time and price priority of the original order.))
  - (d) if it is entered under the ITM of an individual registered as a Responsible Individual authorised to conduct business on the ICE Platform;
  - (e) until the order is deactivated at the end of the trading session for a Contract or the order is cancelled as a result of a condition attached to the order in accordance with Trading Procedure 3.4.1;
  - (f) unless it is cancelled by the Exchange under Trading Procedures 3.9.1. or 3.11;

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<sup>71</sup> Inserted 3 January 2018

<sup>72</sup> Amended 22 April 2005, 29 March 2006

- (g) unless it is an order for an Emission Contract where the Member is not the holder of an Emissions Trading Privilege.

### 3.4 Types of Orders<sup>73</sup>

- 3.4.1 Bids and offers may be entered into the ICE Platform. The ICE Platform recognises and processes ‘Limit’, and “Market” orders as set out in the ICE Platform User Guide, or user guide of any front end application used by the Member and any other order type as advised by the Exchange from time to time. Where no order type is specified, the order is treated as a limit order.

### 3.5 Disclosure of Size (Reserve Quantity)<sup>74</sup>

- 3.5.1 A trader may specify a maximum disclosure volume to be shown to the Market for an order enabling the order to be released gradually without revealing the full size. The unrevealed part of the order is released only when the first part of such order is completely filled. When each portion of the order is released it is placed in its entirety at the end of the order priority queue.

### 3.6 Restrictions of Orders<sup>75</sup>

- 3.6.1 Where a Member receives from a single client matching or partly matching orders (which are not Block Trade, EFPs, EFSs, EFMs, Basis Trades, Soft Commodity EFRPs or Asset Allocations orders) to both buy and sell a number of contracts at the same price level, the Member shall immediately enter both bid and offer orders but cannot guarantee that the orders will both be executed as other orders in the system may have time priority. The Exchange is not a ‘held’ market and Members cannot be called upon to provide an execution for their clients merely on the basis that market prices reached or surpassed the level of an order.

- 3.6.2 Members are required to enter matching orders in accordance with Rule G.6 A.

### 3.7 Priority of Orders

- 3.7.1 A trader or Member must at all times subordinate his own interests to those of his clients and act fairly between his clients.

### 3.8 Order Execution and Recording of Trades<sup>76</sup>

- 3.8.1 Every trade made on the ICE Platform shall be executed in accordance with and in a form permitted by these Regulations, Trading Procedures and set out in the ICE Platform User Guide, or user guide of any front end application used by the Member, and any direction, order or other procedure issued or implemented by the Exchange from time to time.

- 3.8.2 A trade is executed in the ICE Platform when either (a) or (b) occurs:

- (a) Price/Time priority (for Contracts excluding designated Financials and Softs Contracts under Trading Procedure 3.8.2(b) below):

- (i) one order is a bid and the other an offer;
- (ii) the two orders are for the same Contract and contract date;
- (iii) the price of the bid (offer) order equals or is greater (lesser) than the price of the offer (bid).
- (iv) All orders entered and activated are queued by time of entry or amendment and matched on a first-in-first-out price and time priority basis.

- (b) Pro-rata priority (for designated Financials and Softs Contracts):

- (i) one order is a bid and the other is an offer;
- (ii) the two orders are for the same Contract and contract date;

<sup>73</sup> Amended 27 February 2003, 29 March 2006

<sup>74</sup> Amended 18 September 2014

<sup>75</sup> Amended 29 March 2006, 4 June 2014, 18 September 2014, 3 June 2016

<sup>76</sup> Amended 29 March 2006, Launch of ICE Clear 2008, 4 April 2011, 4 June 2014, 24 September 2018



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- (iii) the price of the bid (offer) order equals or is greater (lesser) than the price of the offer (bid).

All buy orders at the highest price and all sell orders at the lowest price in the same contract/delivery month/strategy are traded in accordance with the pro-rata algorithm, the details of which, including any element of priority, will be specified by notice posted on the Market.

- 3.8.3 Should orders entered by either a single Responsible Individual of a Member or different Responsible Individuals registered to the same Member match and a trade result, that Member shall be deemed to have transacted a cross trade.
- 3.8.4 Details of each trade made on the ICE Platform by a Member will be recorded by the Exchange and confirmation of the trade will be displayed on the ICE Platform for each Member party to the trade and such trade shall be transmitted to the ICE Systems.
- 3.8.5 The Exchange shall from time to time implement, with the agreement of the Clearing House, procedures to ensure that trades which are made on the ICE Platform which are to be reported to the Clearing House for clearing are so reported.
- 3.8.6 Failure of the ICE Platform to broadcast any message in respect of an order book, order or any part thereof, or a trade made on the ICE Platform shall not invalidate any trade recorded by the Exchange.
- 3.8.7 In the event that the ICE Platform or any part of the ICE Platform fails, the Exchange's determination that a trade has or has not been made on the ICE Platform shall be conclusive and binding. Such determination shall be made by the Market Supervisor. This is without prejudice to the right of the Clearing House to treat a Contract as void or voided or to take other actions pursuant to the Clearing House Rules.
- 3.9 **Cancellation of Trades<sup>77</sup>**
- 3.9.1 Market Supervision may on the suspension of a Contract from trading on the Market under these Regulations, cancel or amend any executed trades for such Contract which were made on the ICE Platform. Market Supervision may in accordance with the default rules, cancel any order for a Contract in the ICE Platform which is awaiting execution or cancel any trade in respect of a Contract made on the ICE Platform. The Clearing House may take similar action under the Clearing House Rules in respect of any affected Contract.
- 3.9.2 The Exchange may cancel immediately, as an emergency measure, any order for a Contract in the ICE Platform which is awaiting execution or cancel any trade in respect of a Contract made on the ICE Platform in the following circumstances:
- (a) upon request of a Member, or of the Sponsored Access client where the Member or Sponsored Access client is technically unable to delete its own orders;
  - (b) upon request of the clearing member used by the Member;
  - (c) upon request of the Clearing House;
  - (d) where the order book contains erroneous duplicated orders;
  - (e) following a suspension of the Member initiated by either the Exchange or a regulatory authority; or
  - (f) in case of malfunction of the Exchange's mechanisms to manage volatility or of the operational functions of the ICE Platform.
- 3.9.3 In exceptional circumstances, the Exchange may cancel, vary or correct any transaction.
- 3.9.4 Once a bid or offer has been matched in whole or in part and gives rise to a trade there is no right of withdrawal subject to Trading Procedure 11 below.
- 3.9.5 Where one or more legs of a strategy trade are deemed to have taken place at an unrepresentative price the Exchange may adjust the prices of the entire strategy trade.
- 3.10 **Spread and Strategy Trading<sup>78</sup>**

If a trader wishes to quote or trade a spread, or in the case of Option Contracts if a trader wishes to quote or trade a strategy, he must do so in accordance with the ICE Platform User Guide, or user guide of any front end application

<sup>77</sup> Amended 29 March 2006, Launch of ICE Clear 2008, 4 June 2014, 3 January 2018, 24 September 2018

<sup>78</sup> Amended 22 December 2003, 29 March 2006, 4 June 2014, 3 September 2014, 18 September 2014,

used by the Member, and adhere to the Regulations and to the Trading Procedures.

Members may execute strategies comprising combinations of Contracts. A separate market will be created for each strategy where one or more RFQs have been submitted to the ICE Platform and, with regard to delta neutral strategy orders, for each order with a different option price(s) or delta details. All strategy trades, unless otherwise specified, must, for each side, comprise a single order or aggregate of orders, which result in the same client or account trading each element of the relevant strategy.

A Member is not permitted to create a new delta neutral strategy market unless there is a genuine need to do so. For the avoidance of doubt, a Member must not create a new delta neutral strategy market in order to avoid his order(s) being entered to, and thereby interacting with, a delta neutral strategy market with almost identical characteristics which has already been created. Furthermore, a Member must not submit orders to the delta neutral market with the intention of securing a non-delta neutral transaction.

### 3.11 **Validity of Trades**<sup>79</sup>

#### 3.11.1 **Invalid Trade**

Notwithstanding the reasonability limit, where applicable, a Contract made or purported to be made on the ICE Platform may be declared invalid by the Exchange in the circumstances set out below.

##### (a) **Unrepresentative price**

Where the Exchange determines that a trade has taken place at an unrepresentative price, it may declare that trade invalid at its absolute discretion.

Criteria which may be taken into account when determining whether a trade should be invalidated include, without limitation the following:

- (i) price movement in other contract periods of the same Contract;
- (ii) current market conditions, including levels of activity and volatility;
- (iii) time period between different quotes and between quoted and traded prices;
- (iv) information regarding price movement in related Contracts, the release of relevant news just before or during an ICE Platform trading session;
- (v) manifest error; or
- (vi) proximity of the trade to the close of the trading session.

##### (b) **Breach of the Regulations**

Where the Exchange determines that a trade has been made in breach of the Regulations or the Trading Procedures, it may declare that trade invalid.

##### (c) **Disputes**

A trade may be declared invalid pursuant to Rule G.15(b).

##### (d) **Exceeding volume and price thresholds**

A trade may be declared invalid if it exceeds pre-determined volume and price thresholds, as set by the Exchange from time to time, or is clearly erroneous.

#### 3.11.2 **Deletion of a Trade**

An invalid trade will be removed from the ICE Systems, may be removed from the trading server and may be displayed in the ICE Platform as a deleted trade. As regards the Clearing House, an invalid trade takes effect as a Contract of opposite effect to the original Contract arising as a result of the invalid trade.

<sup>79</sup> Amended 22 December 2003, 29 March 2006, Launch of ICE Clear 2008, 3 January 2018

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### 3.11.3 Notification to Member

When a trade is declared by the Exchange to be an invalid trade and is deleted from the ICE Systems the parties to the trade will be notified by Market Supervision of that fact and a message will be broadcast on the ICE Platform announcing the Contract, contract date and price level of the invalid trade.

### 3.12 Corporate Actions<sup>80</sup>

3.12.1 Any adjustment of Securities Contracts will be determined in accordance with the Corporate Actions Policy of the Exchange unless the Exchange, in its absolute discretion, determines otherwise. The Corporate Actions Policy and any adjustment to the Securities Contract will be published by notice posted on the Market from time to time and shall have such effect with regard to existing and/or new Securities Contracts as the Exchange may determine.

3.12.2 The Exchange may cancel orders in the order book held in the ICE Platform of a Securities Contract where that contract's characteristics have been altered following one or more corporate actions affecting the underlying security. Any such cancellation of outstanding orders (and any requirements to re-submit orders) will be published by the Exchange by way of notice posted on the Market or such other means of communication as the Exchange sees fit.

## 4 ICE PLATFORM MARKET NOTICES AND DISPLAY OF OTHER MESSAGES<sup>81</sup>

4.1 An ICE Platform Market Notice shall be broadcast on the ICE Platform and be circulated in writing to all Members.

4.2 Members may be notified of other Market related information by electronic display of a message on the ICE Platform. Any such information shall have effect at the time it is transmitted or at such time as may be stated in the message. The validity and effect of such information shall not be diminished or delayed solely by it being temporarily deleted from display on one or more ICE Platform workstations or delayed, whether by reason of any equipment, communications or otherwise.

4.3 Members will be notified of the price and volume of a Block Trade by electronic display of a message on the ICE Platform.

## 5 RESPONSIBILITIES OF MARKET SUPERVISION<sup>82</sup>

5.1 Market Supervision shall:

- (i) monitor the activity on the ICE Platform to ensure that trading is carried out in accordance with these Trading Procedures;
- (ii) input corrections as specified in Trading Procedure 3.9.1;
- (iii) activate/deactivate Members or any of their Responsible Individuals;
- (iv) report potential breaches of the Regulations or Trading Procedures to the Compliance Department;
- (v) calculate and correct or amend the Settlement Prices;
- (vi) determine, delete and notify Members in respect of an invalid trade in accordance with Trading Procedure 3.11;
- (vii) determine whether the price of a trade executed at an unrepresentative price may be adjusted and notify Members of such action in accordance with Trading Procedure 11; and
- (viii) have any other responsibility as may be prescribed from time to time by the Exchange.

## 6 THE ICE PLATFORM BACK UP FACILITIES<sup>83</sup>

6.1 In the event of a failure of one or more of a Member's ICE Platform workstations or failure of the supply of the ICE Platform to one or more of the Members ICE Platform workstations for any reason the Member is advised to take appropriate steps to use another Member who has access to the ICE Platform to execute business which it would have conducted on the ICE Platform had it been able to use its own ICE Platform workstation.

Note: A Trade Participant may not provide this service for another Member. An Individual Participant may only

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<sup>80</sup> Inserted 4 June 2014

<sup>81</sup> Amended 29 March 2006

<sup>82</sup> Amended 27 February 2003, 29 March 2006, 23 April 2012

<sup>83</sup> Amended 23 September 2003, 25 October 2005, 29 March 2006, Launch of ICE Clear 2008

provide this service for another Individual Participant.

### **7 AUTHORISED CORRECTION AND ADJUSTMENT of TRADES<sup>84</sup>**

- 7.1 In exceptional circumstances trades which are the subject of a trading dispute or otherwise may be processed through the ICE Systems directly by Exchange staff following the directions of Exchange Officials.

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<sup>84</sup> Amended 23 April 2012

**SECTION 2: GENERAL PROVISIONS**

**8 TRADING CONDUCT**

**8.1 Withholding Client Orders<sup>85</sup>**

8.1.1 A Member, or person subject to the Regulations, as appropriate, must neither withdraw, nor withhold (except in accordance with 3.5 above and Rule G.8) a client's order in whole or in part. A Member, or person subject to the Regulations, as appropriate, shall not procure another Member to act in contravention of this procedure.

8.1.2 A Member, or person subject to the Regulations, as appropriate, shall not deliberately delay the reporting of an executed trade to a client.

8.1.3 It shall be an offence for a Member to represent to a client that it has entered into an Exchange contract executed otherwise than in accordance with the Regulations.

**8.2 Execution of Client Orders<sup>86</sup>**

8.2.1 A trader or Member, or person subject to the Regulations, as appropriate, shall not inform a client that it has executed a Contract unless he has already made on the Market a matching contract as defined in Rule C.6.2(a).

**8.3 Pre-Arranged Trades<sup>87</sup>**

8.3.1 It shall be an offence for a Member or person subject to the Regulations, as appropriate, to pre-arrange a trade unless it is an EFP or EFS (including, for the avoidance of doubt, an EFP or EFS, entered on ICE Block Facility by an ICE Block Member) posted in accordance with Rule F.5, and Section 3 of these Trading Procedures, a Basis Trade or Soft Commodity EFRP (including, for the avoidance of doubt, a Basis Trade or Soft Commodity EFRP entered on ICE Block Facility by an ICE Block Member) posted in accordance with Rule F.5.C and Section 3 of these Trading Procedures, an Asset Allocation (including, for the avoidance of doubt, an Asset Allocation entered on ICE Block Facility by an ICE Block Member) posted in accordance with Rule F.5.D and Section 3 of these Trading Procedures or a Block Trade registered and posted in accordance with Rule F.7 and Section 4 of these Trading Procedures.

**8.4 Abuse of Client Orders<sup>88</sup>**

8.4.1 A Member must not take advantage of a client's order for its own benefit, the benefit of another Member or the benefit of a Member's Representative.

**8.5 Error Correction Facility<sup>89</sup>**

8.5.1 Where there has been an error in the execution of a client order or in the reporting thereof by a Member, the Exchange may make available to the Member an Error Correction Facility in order to resolve the error and ensure that the interests of the client are protected. The Clearing House may take similar action under the Clearing House Rules in respect of any affected Contract.

8.5.2 In order to obtain Exchange authorisation of a trade to correct the error ("error correction"), the Member must fax to Market Operations an Error Correction Declaration Form signed by a representative of the Member duly authorised for this purpose. The Error Correction Declaration Form shall confirm the details of the error and, where applicable, confirm that any improvement in price has been offered to the client.

8.5.3 The Member may also be required to provide further information to demonstrate to the satisfaction of the Exchange that:

- (i) a client order was received and an attempt made, or the intention existed, to execute the order on the ICE Platform; and
- (ii) the client was erroneously informed that the order has been successfully executed (in whole or in part) (i.e. either there was a mistaken belief that a trade had been executed which satisfied the client order or a trade had been executed but it differed from that reported to the client).

8.5.4 An error correction may be submitted for authorisation in circumstances where:

<sup>85</sup> Amended 29 March 2006, 27 April 2006, Launch of ICE Clear 2008

<sup>86</sup> Amended 27 April 2006, Launch of ICE Clear 2008

<sup>87</sup> Amended 29 March 2006, 27 April 2006, 15 October 2012, 29 January 2014, 4 June 2014, 18 September 2014, 3 June 2016

<sup>88</sup> Amended 27 April 2006, Launch of ICE Clear 2008

<sup>89</sup> Inserted 8 April 2005, Launch of ICE Clear 2008

- (i) a trade has been executed at a better price than that reported to the client, but the client has declined the improvement (in part or in full). If the Member had originally traded a wrong contract month or exercise price, only the net improvement, if any, would need to be offered to the client;
- (ii) a trade has been executed at a worse price than that reported to the client;
- (iii) a trade has been executed in the wrong direction, (i.e. an order to buy has been erroneously executed as a sell trade (or vice versa)), contract month, exercise price or contract, but were a correct trade to be executed at the current market price it would be at a worse price than that reported to the client.

If either no trade has been executed, or a trade has been executed in the wrong direction, contract month or contract, but were a correct trade to be executed at the current market price it would be at a better price than that reported to the client, such a trade must be executed on the ICE Platform.

- 8.5.5 Authorisation of an error correction is at the absolute discretion of the Exchange.
- 8.5.6 Authorisation of an error correction by the Exchange does not preclude the Exchange from instigating disciplinary proceedings in the event that the trade is subsequently found to have been executed other than in compliance with the Exchange Regulations and Trading Procedures or related requirements.

## 9 REGISTRATION OF BUSINESS<sup>90</sup>

- 9.1 An EFP or EFS registered pursuant to Rule F.5 and Section 3 of these Trading Procedures, a Basis Trade or Soft Commodity EFRP registered pursuant to Rule F.5.C and Section 3 of these Trading Procedures, an Asset Allocation registered pursuant to Rule F.5.D and Section 3 of these Trading Procedures, a Block Trade registered pursuant to Rule F.7 and Section 4 of these Trading Procedures and a Contract made on the ICE Platform, must be assigned to an account, claimed or allocated to another Member within 30 minutes of receipt in the ICE Systems.
- 9.2 Allocations and account assignments on the ICE Systems must be promptly attended to in order that any discrepancies may be resolved shortly after the trade is received. The processing of the trade, including allocation, claim and assignment should be completed within 30 minutes of trade execution on the ICE Platform or direct input of a matched EFP, EFS, Soft Commodity EFRP, Basis Trade, Asset Allocation, Contingent Agreement to Trade or Block Trade into the ICE Systems.

The Exchange may, at its discretion, vary the time by which Members must complete the processing set out in 9.1 and/or above where the closure of the ICE Systems is less than 30 minutes after the close of trading on the ICE Platform. In such an event, the variance and the circumstances leading to the variance will be notified in advance to Members.

- 9.3 Members must ensure that at least one Member of staff with authority to resolve misallocations or deal with other registration, trading, clearing or settlement issues remains on duty until 30 minutes after the close of trading of a Contract on the ICE Platform for that Trading Day.

## 10 DISCIPLINARY PROCEDURES<sup>91</sup>

- 10.1 The Market Supervisor and the compliance officer acting together or independently or such other persons as may be duly authorised by the Authorisation, Rules and Conduct Committee may take summary disciplinary measures, including the imposition of fixed penalty fines up to an amount of £20000 in respect of each offence and fixed terms of exclusion from the market, in respect of any infringement, contravention of failure mentioned in Rule E.7.1.
- 10.2 Rule E.2.2 sets out several types of misconduct in relation to trading on the Exchange in respect of which summary measures are not available. Where it appears to the compliance officer that there may have been one or more breaches of this Rule, a report may be submitted to the Directors or Authorisation, Rules and Conduct Committee for consideration of any action necessary.
- 10.3 Notification of a summary disciplinary measure imposed under paragraph 10.1 above shall be given to the Member forthwith and shall include a notice setting out its right of appeal:
  - (a) an appeal shall lie against any finding of fact and against any sanction imposed;

<sup>90</sup> Amended 7 December 2005, 29 March 2006, 4 June 2014, 18 September 2014, 3 June 2016

<sup>91</sup> Amended 23 September 2003, 8 April 2005, 25 October 2005, 7 December 2005, Launch of ICE Clear 2008, 4 April 2011, 16 November 2016

- (b) a Member desiring to appeal shall lodge a notice setting out the grounds of its appeal:
    - (i) in the case of a breach of Rule E.8 (market offences) within one Business Day of the notification referred to in paragraph (a) above;
    - (ii) in the case of any other breach within Rule E.7.1 within five Business Days of the said notification.
  - (c) An appeal shall be heard by the Authorisation, Rules and Conduct Committee and shall be by way of re-hearing. On an appeal the Authorisation, Rules and Conduct Committee shall make such finding as shall be appropriate and may confirm, vary or quash any sanction imposed, and may confirm, decrease or increase any fine. The decision of the Authorisation, Rules and Conduct Committee on an appeal shall be final;
  - (d) On an appeal (including an appeal which is frivolous or without merit) the Authorisation, Rules and Conduct Committee may order the Member to pay the whole or some part of the costs thereof;
  - (e) No appeal shall be withdrawn except by notice in writing and with leave of the Authorisation, Rules and Conduct Committee, and when giving or refusing leave the Authorisation, Rules and Conduct Committee may make such order for costs as shall be appropriate.
- 10.4 The Authorisation, Rules and Conduct Committee may deal summarily with any case which seems to the Committee appropriate and shall:
- (a) if the Member does not appear and the Committee is satisfied that the Member has been given due notice of the hearing, decide the case on documentary evidence including a written case submitted by the Exchange and the Member's response (if any);
  - (b) If the Member does appear, permit the Exchange and the Member to present their cases orally, and to call witnesses who may be cross-examined.
- 10.5 The Authorisation, Rules and Conduct Committee shall announce its decision either orally or in writing at the conclusion of the summary hearing, or so soon thereafter as may be convenient.
- 10.6 A Member aggrieved by the summary determination of a case by the Authorisation, Rules and Conduct Committee under Rule 10.5 above shall within 7 days of notification to the Member of the said determination lodge with the Secretary a notice of appeal in writing stating the grounds of the appeal.
- 10.7 An appeal against a summary determination by the Authorisation, Rules and Conduct Committee shall be heard by a Disciplinary Panel and shall be by way of re-hearing. The decision of the Disciplinary Panel on such appeal shall be final.
- 10.8 Provided that the time for lodging an appeal (where an appeal lies) has expired, any decision of the Market Supervisor or compliance officer under Rule 10.1, any summary determination of the Authorisation, Rules and Conduct Committee under Rule 10.5 and any decision of the Disciplinary Panel under Rule 10.7 shall be published by the Exchange in whatever form seems to the Authorisation, Rules and Conduct Committee to be appropriate, provided that the Committee may in its discretion prohibit or restrict such publication but shall in such case minute such decision giving reasons therefor.

**10A IPE TRADING COMMITTEE<sup>92</sup>****Terms of Reference**

- 10A.1 (a) to monitor the formulation, implementation and enforcement of the IPE trading Rules (whether electronic or open outcry) by IPE management and staff;
- (b) to recommend to the Authorisation, Rules and Conduct Committee (“ARC”) additions and alternations to the trading Rules, Regulations and Procedures used on the markets;
- (c) to adjudicate trading disputes, with such assistance as the Board may from time to time determine;
- (d) to assist the Exchange Executive in the registration of individual traders, and particularly in their training and education;
- (e) to advise the Exchange on any other matter relevant to trading practices on the Floor or on the electronic trading platform, and to define and promulgate trading etiquette;
- (f) to recommend to the ARC Floor and/or electronic market disciplinary offences and their penalties;
- (g) to provide guidance to the PIT Committee on any other matter concerning Floor trading, including, but not restricted to, trading hours accommodation, communications, catering and conditions generally and where the importance of the issues warrants it, referral to the Board.

**Committee Procedure**

- 10A.2 (a) a majority decision on disputes shall decide the issues;
- (b) in the event of a split decision the Chairman shall have a casting vote;
- (c) no member of the Committee may adjudicate on disputes in which he has an interest;
- (d) decisions of the Committee are binding on Floor Traders. Should such decisions not be accepted, the Committee may refer the matter to any member of the Trading Appeals Committee and executive;
- (e) membership of the Committee does not confer exemption from the IPE Code of Discipline.

**Trading Appeals Committee – Composition**

10A.3.1 The Trading Appeals Committee will consist of the following:

- (a) a Board member, or the Chairman, or Deputy Chairman of the IPE Trading Committee;
- (b) an IPE Trading Committee member;
- (c) a member of the Exchange secretariat;

10A.3.2 No member of the Trading Appeals Committee may adjudicate on disputes in which he has an interest.

**Trading Appeals Committee – Terms of Reference**

10A.4 To hear appeals in relation to trading disputes after a loss/profit has been crystallised.

**11 TRADE INVESTIGATIONS<sup>93</sup>****Commencement of Investigation**

- 11.1 Market Supervision may in its absolute discretion investigate a Contract (for the purposes of Trading Procedures 11, the ‘trade’) where:
- (i) a market participant (who may or may not be party to the trade) disputes the price of a trade made or alleged to have been made on the ICE Platform, and has notified the dispute to Market Supervision within such period of time as published by the Exchange from time to time in accordance with Rule G.15; or
- (ii) the Exchange determines that a trade may have been made on the ICE Platform at an unrepresentative price

<sup>92</sup> Inserted 8 April 2005

<sup>93</sup> Amended 10 November 2003, 29 March 2006, Launch of ICE Clear 2008, 4 April 2011, 23 April 2012, 15 October 2012



and where no such notification has been received from a market participant.

- 11.2 These investigation procedures may be varied at the Exchange's absolute discretion depending on the circumstances under which an investigation of a trade made or alleged to have been made on the ICE Platform is commenced.
- 11.3 Market Supervision shall not investigate a trade when a dispute has been notified by a market participant in respect of the volume only. In such an event, the trade may be referred to the Compliance Department, which may, in accordance with Rule C.12, make such further enquiries as to the validity of the trade, or under exceptional circumstances, such trade may, at the absolute discretion of the Exchange, be cancelled.

**Final determination by Market Supervision**

- 11.4 On conclusion of an investigation where Market Supervision determines that the trade under investigation, or any such consequential trades, were executed at an unrepresentative price, Market Supervision may, in its absolute discretion:
  - (i) adjust the price of the trade under investigation and consequential trades to a price that Market Supervision evaluates as fair market value at the time of execution, plus or minus the No Cancellation Range for that Contract;
  - (ii) cancel the trade under investigation and any such consequential trades; or
  - (iii) let the trade under investigation and any such consequential trades stand.

If the Exchange determines that the price of the trade under investigation or any such consequential trades is to be adjusted, the adjusted price may be:

- (i) outside the terms of the Limit Order for which the trade under investigation or any such consequential trades were executed, and, in such instances, the adjusted price shall be applied to the Limit Order despite being outside the order terms; or
  - (ii) below the stop price of a buy Stop Order or above the stop price of a sell Stop Order, and, in such instances, the adjusted price shall be applied to the Stop Order despite the fact that the trade price sequence after any price adjustments would not have elected the Stop Order.
- 11.5 As soon as reasonably possible on making such a determination, Market Supervision will notify:
  - (i) the Market;
  - (ii) the counterparties to the trade under investigation;
  - (iii) the party disputing the price of the Contract; and
  - (iv) any other counterparty (who may or may not be a Member or a Member's Representative).

**Defined No Cancellation Range**

- (i) The Exchange shall publish from time to time parameters above or below an Exchange set anchor price for each Contract between which a trade under investigation, under normal circumstances, may not be cancelled or the price of such trade under investigation be adjusted. Such parameters shall be termed a 'No Cancellation Range'. Market Supervision may, in exceptional circumstances and at its absolute discretion, determine that a trade under investigation which falls within the No Cancellation Range shall be cancelled

**Factors considered when investigating a trade**

- 11.6 When determining whether a trade under investigation has been made at an unrepresentative price Market Supervision may take into account criteria which include but are not limited to:
  - (i) price movement in other contract months of the same contract;
  - (ii) current market conditions, including levels of activity and volatility;
  - (iii) time period between different quotes and traded prices;
  - (iv) information regarding price movement in related contracts;
  - (v) the release of economic data or other relevant news just before or during electronic trading hours;
  - (vi) manifest error;
  - (vii) number of parties potentially impacted by the investigation;
  - (viii) whether another market participant relied on the price; or

- (ix) any other factor that Market Supervision in its sole discretion, may deem relevant.

Market Supervision, in its sole discretion, may consult with market participants, which are not party to the trade under investigation or party to any consequential trades, when determining whether the trade has been made at an unrepresentative price.

#### **Consequential Trades**

11.7 Market Supervision may also determine:

- (i) whether any trades resulting from the triggering of contingent orders, or resulting in spread trades, should be cancelled; or the price of such trades be adjusted; and
- (ii) whether a market participant relied on the price of the trade to execute subsequent orders, and whether such trades should be cancelled or the price of such trades be adjusted.

Market Supervision shall consider situations involving consequential trades on a case by case basis.

11.8 Where trades are executed after the Market has been notified that a trade is under investigation which is subsequently cancelled, or the price of the trade under investigation is adjusted, such trades, under normal circumstances shall not be cancelled nor shall the prices be adjusted. However, if the price of the trades in such instance is disputed or Market Supervision determines that the trades have been made at an unrepresentative price, Market Supervision will investigate the trades in accordance with these investigation procedures.

## **12 [DELETED MAY 1999]**

## **13 EMERGENCY PROCEDURES<sup>94</sup>**

13.1 In the event of a failure of the ICE Platform or any part thereof the Exchange shall take such emergency procedures as set out in Rule G.14.

## **14 RESPONSIBLE INDIVIDUAL REGISTRATION PROCEDURES<sup>95</sup>**

### **Number of ICE Platform Trading Staff<sup>96</sup>**

- 14.1 A Member must register at least one Responsible Individual with the Exchange in order to access the ICE Platform to conduct Exchange business.
- 14.2 A Member must ensure it has a sufficient number of Responsible Individuals for the nature and scale of business conducted.

### **General Registration<sup>97</sup>**

14.3 A Member must register with the Exchange all staff that are required to work as Responsible Individuals.

The compliance officer of a Member wishing to register a Responsible Individual must no later than three Business Days before the intended starting day:

- (i) submit a completed Responsible Individual Registration Form;
- (ii) confirm in writing the FCA authorisation status of the individual (if applicable) and the Member firm to which he is registered;

to the Exchange **Membership and Contracts Department**.

The Exchange Membership and Contracts Department will notify the compliance officer of the Member when the individual has been registered as a Responsible Individual. The ICE Platform Supervisor will notify the Responsible Individual of his password, ITM (s) and logon details and the date from which he may access the ICE Platform to conduct Exchange business.

14.4 **De-registration**

<sup>94</sup> Amended 29 March 2006

<sup>95</sup> Amended 18 February 2003, 7 December 2005, 29 March 2006

<sup>96</sup> Amended 23 September 2003

<sup>97</sup> Amended 23 September 2003

A Member must de-register all staff who are no longer required to work as Responsible Individuals or who leave their employment.

The compliance officer of a Member who wishes to de-register a Responsible Individual must:

- (a) before the intended de-registration day give prior written notice of the de-registration to the Exchange Membership and Contracts Department;
- (b) in the event that a Member requires immediate de-registration of a Responsible Individual, (other than under 14.5) and prevention of that Responsible Individual's access to the ICE Platform to conduct Exchange business, the compliance officer of the Member requiring such action must notify the Exchange Membership and Contracts Department in writing of such request.

The Membership and Contracts department will advise the ICE Platform Supervisor who will prevent such Responsible Individuals access to the ICE Platform to conduct Exchange business, as soon as reasonably practicable.

**Transfer of Registered Responsible Individual**

14.5 Where an individual is registered as a Responsible Individual but wishes to transfer from one Member to another, the individual will not be permitted to work as a Responsible Individual for the new Member until:

- (a) his former Member has de-registered him in accordance with procedures 14.4 above. (Any disputes between Members relating to failure or refusal to de-register may be dealt with by reference to the Directors under Rule A.5.3).
- (b) the compliance officer of the new Member has provided the information set out in Procedure 14.3 above to the Exchange Membership and Contracts Department no later than two Business Days before the proposed transferral date.

**15 QUALIFICATION TO TRADE<sup>98</sup>**

15.1 Individuals who wish to conduct business on the ICE Platform, must be registered as Responsible Individuals in accordance with Responsible Individual registration procedures pursuant to Trading Procedure 14 or be under the supervision of a Responsible Individual.

Members must have adequate arrangements to ensure that all staff involved in the conduct of business on the ICE Platform are adequately trained and fully conversant with the Regulations, and Trading Procedures;

The Exchange may institute such examination in such form as it sees fit and may require that the passing of such exam shall be a pre-condition to the registration or continued registration of a Responsible Individual; although at the discretion of the Exchange, this requirement shall have no application to an individual who is registered at the Exchange as a Registered Electronic Trader before it comes into effect.

**15A [DELETED 4 JUNE 2014]<sup>99</sup>**

**15B BUSINESS CLOCK SYNCHRONISATION<sup>100</sup>**

- 15B.1 All Members shall synchronise the business clocks or systems they use to record the date and time of all trading activities and transactions with UTC.
- 15B.2 If a Member elects to synchronise its business clock or systems with UTC disseminated by a satellite system, it shall ensure that any offset from UTC is accounted for and removed from all timestamps.
- 15B.3 Business clocks or systems used to record the time of trading activities must adhere to the appropriate level of accuracy prescribed by MiFID II.
- 15B.4 Each Member shall establish a system of traceability to UTC which enables it to:
  - (a) demonstrate traceability to UTC by documenting the system design, functioning and specifications;
  - (b) identify the exact point at which a timestamp is applied; and

<sup>98</sup> Amended 29 March 2006, Launch of ICE Clear 2008

<sup>99</sup> Inserted 8 April 2005, deleted 4 June 2014

<sup>100</sup> Inserted 3 January 2018

- (c) demonstrate that the point within the system where the timestamp is applied remains consistent.

Members shall conduct a review of the compliance of the traceability system with MiFID II at least once a year.

**15C PRE-TRADE TRANSPARENCY<sup>101</sup>**

- 15C.1 Details reported to the Exchange in relation to intended Block Trades, EFPs, EFSs, EFMs, Soft Commodity EFRPs, Basis Trades or Asset Allocations shall not be made publicly available by the Exchange except as provided in these Regulations. For the avoidance of doubt, parties to Block Trades, EFPs, EFSs, EFMs, Soft Commodity EFRPs, Basis Trades or Asset Allocations are not required by the Exchange to fulfil MiFIR requirements to make public current bid and offer prices and the depth of trading interests at those prices, with regards to the details reported to the Exchange in relation to those transactions.
- 15C.2 Parties to EFSs, EFMs, Soft Commodity EFRPs or Basis Trades may be required to comply with pre-trade transparency requirements under MiFIR in relation to a transaction or a leg of a transaction which is not a Contract made on or reported to the Exchange.

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<sup>101</sup> Inserted 24 September 2018

**SECTION 3: EXCHANGE FOR PHYSICALS (“EFP”), EXCHANGE FOR SWAPS (“EFS”) BASIS TRADING, EXCHANGE FOR RELATED POSITIONS IN SOFT COMMODITY CONTRACTS (“EFRP”) AND ASSET ALLOCATIONS<sup>104</sup>**

**16 EFP AND EFS PROCEDURES<sup>105</sup>**

16.1 EFPs and EFSs may take place in respect of any of the Contracts and contract months as determined by the Exchange from time to time and are not subject to Trading Procedures other than this Section 3 unless specifically referred to.

- (a) EFPs and EFSs must be reported to the Exchange through the ICE Block facility:
  - (i) by the Member itself;
    - (a) Where a General Participant Member or ICE Block Member submits for registration an EFP or EFS transaction with or on behalf of a client who is not a Member or an ICE Block Member of the Exchange, it must have complied with all applicable laws, including in relation to suitability and appropriateness as regards the Contingent Agreement to Trade or underlying transaction.
    - (b) In the case of a Trade Participant or an Individual Participant (including Trade Participant ICE Block Members transacting own business), the EFP or EFS must be in respect of business for its own account and the proposed counterparty to the EFP or EFS pursuant to the Contingent Agreement to Trade must be another Member or ICE Block Member.
  - (ii) by a Member's Representative; where they have been authorised by the Member they represent, and have been granted permission by the Exchange to access the ICE Block facility, having completed such form of enrolment as may be prescribed by the Exchange from time to time;
  - (iii) by an ICE Block Member; where the ICE Block Member has the permission from its own Clearing Member, or its client's Clearing Member(s), to execute business on its own account or on the client's behalf; or
  - (iv) through any other means determined by the Exchange from time to time in accordance with the reporting requirements in Trading Procedure 16.
- (b) Members may also report the details of EFP or EFS transactions to the ICE Help Desk for entry into ICE Block in the name of the Clearing Member, with whom such Member, or its client on whose behalf the Member is executing business, has a clearing account. The Member must have been appropriately permissioned to report EFP or EFS transactions by the Clearing Member.

16.2 Where the EFP or EFS is agreed between two separate Members (“Non-crossed Trade”) and unless agreed otherwise under the Contingent Agreement to Trade or underlying transaction between the two Members party to the Non-crossed Trade, the buying Member shall enter the details of the Non-crossed Trade into ICE Block and such details shall be confirmed/accepted by the selling Member party to the Non-crossed Trade.

16.3 Where details of the Non-crossed Trade have been submitted to ICE Block by one of the Members party to the Non-crossed Trade, but not confirmed/accepted in ICE Block by the other Member party to the Non-crossed Trade, it is the responsibility of both such Members (or the Clearing Member with whom the Member submitting the Non-crossed Trade is party to a clearing agreement) to discuss and resolve the matters preventing the confirmation/acceptance of the transaction submitted to ICE Block, through the Contingent Agreement to Trade or otherwise.

16.4 The EFP or EFS will flow from ICE Block into the ICE Systems and be identified as an EFP or EFS, as appropriate,

<sup>102</sup> Amended 27 February 2003, 18 December 2007, 24 September 2018

<sup>103</sup> Inserted 4 June 2014, 18 September 2014, 24 September 2018

<sup>104</sup> Inserted 3 June 2016, 24 September 2018

<sup>105</sup> Amended 14 September 2003, 22 April 2005, 7 December 2005, 29 March 2006, 18 December 2007, Launch of ICE Clear 2008, 4 April 2011, 5 December 2011, 29 January 2014, 3 January 2018, 24 September 2018

## TRADING PROCEDURES

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with a specific trade type as prescribed by the Exchange.

- 16.5 The Exchange may check the EFP or EFS details submitted to ICE Block and, if the Exchange is not satisfied that all such details are valid, it may, in its absolute discretion, void the EFP or EFS.

A decision by the Exchange to void an EFP or EFS is final.

- 16.6 Recording by the Exchange of an EFP or EFS does not preclude the Exchange from instigating disciplinary procedures in the event that the transaction is subsequently found to have been made other than in compliance with the Regulations, nor does it preclude the Clearing House from voiding or taking other action in relation to an EFP or EFS.
- 16.7 The Exchange shall not be responsible for complying with the post-trade transparency requirements under MiFID II in relation to the leg or legs of an EFP or EFS that are not a Contract or Contracts registered pursuant to these Regulations.

### 16A BASIS TRADING<sup>106</sup>

- 16A.1 The Basis Trading Facility allows Members to register, subject to this Trading Procedure 16A, transactions involving a combination of an approved basis trade instrument and an appropriate number of offsetting Futures Contracts. For the purposes of these Trading Procedures such transactions are called "Basis Trades".
- 16A.2 Any Member is permitted to register Basis Trades, subject only to the Member having in place arrangements for the registration of the futures or options leg of a Basis Trade via a Member holding a relevant Trading Privilege ("the Basis Trade registering Member") to trade the Basis Trade Contract.
- 16A.3 A Basis Trade may be registered only during the trading hours of the Futures Contract or Options Contract concerned, as published by the Exchange from time to time by notice posted on the Market.
- 16A.4 Basis Trades may be transacted only in Contracts which have been designated by the Exchange for that purpose. Such designations will be published, from time to time, by notice posted on the Market. Basis Trades are not permitted in a delivery month or expiry month of a designated contract which has never traded. The Basis Trading Facility can be used in respect of a delivery month for a Futures Contract or expiry month of an Options Contract on any Trading Day up to and including the Last Trading Day of that delivery month or expiry month.
- 16A.5 The Basis Trade registering Member is responsible for assigning the price of the futures or options leg(s) of a Basis Trade.
- 16A.6 The following approaches to the construction of hedge ratios for Basis Trades are considered acceptable:
- (a) Deliverable bonds against Bond Futures Contracts: A price factor or duration based method;
  - (b) Other bonds against Bond Futures Contracts: A duration based method;
  - (c) Deliverable and non-deliverable bonds against Eris Futures Contracts, Swapnote® Futures Contracts or one or more delivery month(s) of a Short Term Interest Rate Futures Contract: A method which is based upon the ratio of the basis point values of shifts in the yield curve of respectively the relevant cash and futures legs;
  - (d) Standard plain vanilla OTC swaps against Bond Futures Contracts, Eris Futures Contracts, Swapnote® Futures Contracts or one or more delivery month(s) of a Short Term Interest Rate Futures Contract: A method which is based upon the ratio of the basis point values of shifts in the yield curve of respectively the relevant cash and futures legs;
  - (e) Forward Rate Agreements ("FRAs") against Eris Futures Contracts or one or more delivery month(s) of a Short Term Interest Rate Futures Contract: A method which is based upon the ratio of the basis point values of shifts in the yield curve of respectively the relevant cash and futures legs;
  - (f) Sale and Repurchase Agreements ("Repos") against one or more delivery month(s) of a Short Term Interest Rate Futures Contract: A method which is based upon the ratio of the basis point values of shifts in the yield curve of respectively the relevant cash and futures legs;
  - (g) European or American style OTC interest rate options (bond options, swaptions) against Bond Futures Contracts, Eris Futures Contracts, Swapnote® Futures Contracts or one or more delivery month(s) of a Short Term Interest Rate Futures Contract: A method based on the relative deltas of the OTC option and

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<sup>106</sup> Inserted 4 June 2014, amended 3 September 2014, 18 September 2014, 27 May 2015, 12 October 2015, 3 June 2016, 3 January 2018, 24 September 2018

futures contracts in order to achieve a delta neutral position;

- (h) Equity securities against Universal Stock Futures Contracts: A method based on the relative value of the equity security and the nominal underlying value of the Universal Stock Futures Contracts;
- (i) Baskets of equity securities against Equity Index Futures Contracts: A method based on the relative value of the basket of equity securities and the nominal underlying value of the Equity Index Futures Contracts;
- (j) European or American style OTC equity options (stock and equity index options) against Equity Index Futures Contracts: A method based on the relative deltas of the OTC option and futures contracts in order to achieve a delta neutral position;
- (k) European or American style OTC or non-Exchange traded equity options against Universal Stock Futures Contracts: A method based on the relative deltas of the OTC or non-Exchange traded option and Universal Stock Futures Contracts in order to achieve a delta neutral position; and
- (l) Non-Exchange traded short term interest rate or bond futures or swap futures contract as prescribed by the Exchange from time to time against Short Term Interest Rate Futures Contracts, Bond Futures Contracts, Eris Futures Contracts, or Euro Swapnote® Futures Contracts: A method which is based upon the ratio of the relative value of basis point shifts in the yield curve for the two futures contracts.

Where a hedge ratio differs from such methods, the Member who is reporting the trade (see Trading Procedure 16A.7) is required to seek approval from the Exchange and justify the method employed in advance of such submission.

16A.7 When a Member accepts a Basis Trade order, he must record the order details set out in Trading Procedures 16A.8 – 16A.17 and, in addition, the details prescribed by (a) – (c) below, on an order slip. Where a Member employs an electronic system for order routing, such details must be recorded electronically:

- (a) time of order receipt;
- (b) identity of individual organising the Basis Trade; and
- (c) time stamp (at time of organisation).

All information required to be retained by the Basis Trade registering Member, pursuant to this Trading Procedure 16A.7, must be retained by the Member for a minimum period of five years.

After a Basis Trade has been organised by the Member, or where the Basis Trade has been agreed between two Members off-exchange (the cleared part of which being subject to a Contingent Agreement to Trade), the Member who will be the seller of the futures or options leg of the Basis Trade must register the futures or options leg of the Basis Trade as a cross transaction, as specified in Trading Procedures 16A.8 – 16A.17, or must procure that the futures or options leg of the Basis Trade is so registered by another appropriately authorised Member.

16A.8 Where a Basis Trade involves a Bond Futures Contract, an Eris Futures Contract, a Swapnote® Futures Contract, or one or more delivery month(s) of a Short Term Interest Rate Futures Contract against a cash bond, in respect of each Basis Trade, the following details must be submitted via the ICE Platform by the Basis Trade registering Member:

- (a) Futures Contract(s) in which the Basis Trade is being transacted;
- (b) delivery month(s);
- (c) agreed futures price(s);
- (d) number of Futures Contracts;
- (e) unique identifier/reference number for the cash bond transaction;

In addition, the Basis Trade registering Member must retain, in an easily accessible form that can be audited by the Exchange, documentary evidence of the following information:

- (f) cash bond ISIN number;
- (g) clean cash price;
- (h) hedge ratio methodology (for government bond futures contracts against deliverable bonds only);
- (i) coupon and maturity of the cash bond;
- (j) frequency of coupon payments;

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- (k) currency of cash bond; and
- (l) (nominal value of cash bond.

All information required to be retained by the Basis Trade registering Member, pursuant to this Trading Procedure 16A.8, must be retained by the Member for five years. If the Basis Trade registering Member is not directly responsible for the registration of the cash leg of the Basis Trade, he must have appropriate arrangements in place with the party submitting/registering the cash leg such that the information in (f) – (l) above can be provided promptly to the Exchange.

16A.9 Where a Basis Trade involves a Bond Futures Contract an Eris Futures Contract, a Swapnote® Futures Contract or one or more delivery month(s) of a Short Term Interest Rate Futures Contract against a plain vanilla OTC swap the following details must be submitted via the ICE Platform by the Basis Trade registering Member:

- (a) Futures Contract(s) in which the Basis Trade is being transacted;
- (b) delivery month(s);
- (c) agreed futures price(s);
- (d) number of Futures Contracts;
- (e) unique identifier/reference number for the swap transaction;

The Basis Trade registering Member must retain, in an easily accessible form that can be audited by the Exchange, documentary evidence which contains the following information:

- (f) the cash market counterparty identifier(s) for the cash leg;
- (g) fixed rate of the swap, including accrual convention;
- (h) floating reference rate of the swap;
- (i) termination/maturity date;
- (j) effective (start) date of the swap;
- (k) next fixed and floating reset dates of the swap;
- (l) replacement/liquidation value of the swap;
- (m) frequency of payments;
- (n) currency of floating and fixed legs of the swap; and
- (o) nominal value of the swap.

All information required to be retained by the Basis Trade registering Member, pursuant to this Trading Procedure 16A.9, must be retained by the Member for five years. If the Basis Trade registering Member is not directly responsible for the registration of the cash leg of the Basis Trade, he must have appropriate arrangements in place with the party submitting/registering that leg such that the information in (f) - (o) above can be provided promptly to the Exchange.

16A.10 Where a Basis Trade involves one or more delivery month(s) of a Short Term Interest Rate Futures Contract against an FRA the following details must be submitted via the ICE Platform by the Basis Trade registering Member:

- (a) Futures Contract(s) in which the Basis Trade is being transacted;
- (b) delivery month(s);
- (c) agreed futures price(s);
- (d) number of Futures Contracts;
- (e) a unique identifier/reference number of the FRA transaction;

The Basis Trade registering Member must retain, in an easily accessible form that can be audited by the Exchange, documentary evidence which contains the following information:

- (f) the cash market counterparty identifier(s) for the cash leg;
- (g) reference rate of the FRA;
- (h) termination/maturity date;



- (i) effective (start) date of the FRA;
- (j) replacement/liquidation value of the FRA;
- (k) currency of the FRA; and
- (l) nominal value of the FRA.

All information required to be retained by the Basis Trade registering Member, pursuant to this Trading Procedure 16A.10, must be retained by the Member for five years. If the Basis Trade registering Member is not directly responsible for the registration of the cash leg of the Basis Trade, he must have appropriate arrangements in place with the party submitting/registering that leg such that the information in (f) - (l) above can be provided promptly to the Exchange.

16A.11 Where a Basis Trade involves Equity Index Futures Contracts against a basket of equity securities, or Universal Stock Futures Contracts against equity securities, the following details must be submitted via the ICE Platform by the Basis Trade registering Member:

- (a) Futures Contract in which the Basis Trade is being transacted;
- (b) delivery month;
- (c) agreed futures price;
- (d) number of Futures Contracts;
- (e) a unique identifier/reference number for the equity security or basket of equity securities transaction, as applicable;

In addition, the Basis Trade registering Member must retain, in an easily accessible form that can be audited by the Exchange, documentary evidence of the following information:

- (f) the identity and volume traded of the equity security or each equity security comprising the basket, as applicable;
- (g) the price (including currency) at which each equity security was traded; and
- (h) (any supplementary cash payment made in conjunction with the transaction.

All information required to be retained by the Basis Trade registering Member, pursuant to this Trading Procedure 16A.11, must be retained by the Member for five years. If the Basis Trade registering Member is not directly responsible for the registration of the cash leg of the Basis Trade, he must have appropriate arrangements in place with the party submitting/registering that leg such that the information in (f) - (h) above can be provided promptly to the Exchange.

16A.12 Where a Basis Trade involves one or more delivery month(s) of a Short Term Interest Rate Futures Contract against a Repo the following details must be submitted to the Exchange via the ICE Platform by the Basis Trade registering Member:

- (a) Futures Contract(s) in which the Basis Trade is being transacted;
- (b) delivery month(s);
- (c) agreed futures price;
- (d) number of Futures Contracts;
- (e) a unique identifier/reference number for the Repo transaction;

In addition, the Basis Trade registering Member must retain, in an easily accessible form that can be audited by the Exchange, documentary evidence of the following information:

- (f) the counterparty identifier(s) for the Repo;
- (g) the coupon, maturity and ISIN code of the bond being “repoed”;
- (h) the nominal value and currency of the bond;
- (i) the clean price and dirty price for the opening leg of the trade;
- (j) the start and end dates for the Repo; and
- (k) the Repo rate.

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All information required to be retained by the Basis Trade registering Member, pursuant to this Trading Procedure 16A.12, must be retained by the Member for five years. If the Basis Trade registering Member is not directly responsible for the registration of the cash leg of the Basis Trade, he must have appropriate arrangements in place with the party submitting/registering the cash leg such that the information in (f) – (k) above can be provided promptly to the Exchange.

16A.13 Where a Basis Trade involves a Bond Futures Contract, an Eris Futures Contract, a Swapnote® Futures Contract, one or more delivery month(s) of a Short Term Interest Rate Futures Contract, a Universal Stock Futures Contract or Equity Index Futures Contracts against an OTC option/options strategy, the following details must be submitted via the ICE Platform by the Basis Trade registering Member:

- (a) Futures Contract(s) in which the Basis Trade is being transacted;
- (b) delivery month(s);
- (c) agreed futures price(s);
- (d) number of Futures Contracts;
- (e) a unique identifier/reference number for the OTC options/options strategy transaction;

In addition, the Basis Trade registering Member must retain, in an easily accessible form that can be audited by the Exchange, documentary evidence of the following information:

- (f) the price(s) (including currency) and nominal value of the OTC option/ options strategy;
- (g) the strike price(s) of the OTC option/options strategy;
- (h) class – call(s) and/or put(s);
- (i) the price(s) of the underlying instrument(s) for the OTC option/options strategy;
- (j) the time to expiration of the OTC option/options strategy; and
- (k) the delta of the OTC option/options strategy.

All information required to be retained by the Basis Trade registering Member, pursuant to this Trading Procedure 16A.13, must be retained by the Member for five years. If the Basis Trade registering Member is not directly responsible for the registration of the cash leg of the Basis Trade, he must have appropriate arrangements in place with the party submitting/registering that leg such that the information in (f) - (k) above can be provided promptly to the Exchange.

16A.14 Where a Basis Trade involves a Universal Stock Futures Contract against a non-Exchange traded option/options strategy, the following details must be submitted via the ICE Platform by the Basis Trade registering Member:

- (a) Futures Contract(s) in which the Basis Trade is being transacted;
- (b) delivery month(s);
- (c) agreed futures price(s);
- (d) number of Futures Contracts;
- (e) a unique identifier/reference number for the exchange traded options/options strategy transaction;

In addition, the Basis Trade registering Member must retain, in an easily accessible form that can be audited by the Exchange, documentary evidence of the following information:

- (f) the exchange on which the Option Contract was registered;
- (g) the price(s) (including currency) and nominal value of the exchange traded option/ options strategy;
- (h) the strike price(s) of the exchange traded option/options strategy;
- (i) class – call(s) and/or put(s);
- (j) the price(s) of the underlying instrument(s) for the exchange traded option/options strategy;
- (k) the time to expiration of the exchange traded option/options strategy; and
- (l) the delta of the exchange traded option/options strategy.

All information required to be retained by the Basis Trade registering Member, pursuant to this Trading Procedure 16A.14, must be retained by the Member for five years. If the Basis Trade registering Member is not directly

responsible for the registration of the cash leg of the Basis Trade, he must have appropriate arrangements in place with the party submitting/registering that leg such that the information in (f) - (l) above can be provided promptly to the Exchange.

16A.15 Where a Basis Trade involves an Eris Futures Contract, a Euro Swapnote® Futures Contract, Short Term Interest Rate Futures Contract or Bond Futures Contract against a non-Exchange traded short term interest rate or bond futures contract or swap futures as prescribed by the Exchange from time to time, the following details must be submitted via the ICE Platform by the Basis Trade registering Member:

- (a) Futures Contract in which the Basis Trade is being transacted;
- (b) delivery month(s);
- (c) agreed Futures Contract price(s);
- (d) number of Futures Contracts;
- (e) a unique identifier/reference number for the non-Exchange traded short term interest rate or bond futures transaction;

In addition, the Basis Trade registering Member must retain, in an easily accessible form that can be audited by the Exchange, documentary evidence of the following information:

- (f) the exchange on which the non-Exchange short term interest rate or bond futures contract was registered;
- (g) the type of futures contract registered;
- (h) the delivery month of the futures contract;
- (i) the price (including currency) and number of lots of the futures contract; and
- (j) where applicable, the identity and the conversion factor of the cheapest-to-deliver bond in respect of bond futures contract.

All information required to be retained by the Basis Trade registering Member, pursuant to this Trading Procedure 16A.15, must be retained by the Member for five years. If the Basis Trade registering Member is not directly responsible for the registration of the cash leg of the Basis Trade, he must have appropriate arrangements in place with the party submitting/registering that leg such that the information in (f) - (j) above can be provided promptly to the Exchange.

16A.16 [Deleted 18 September 2014]

16A.17 [Deleted 18 September 2014]

16A.18 The Basis Trade details must be reported to the Exchange through the ICE Block facility as soon as practicable. In any event, details of the Basis Trade must be reported to the Exchange by the Basis Trade registering Member and accepted within fifteen minutes of the time at which the Basis Trade was agreed. Members must not delay submission of a Basis Trade.

16A.19 The Exchange may check the validity of the details submitted by the registering Member. If the Exchange is not satisfied that all such details are valid, it may, in its absolute discretion, void the Basis Trade. The registering Member will then receive confirmation of the details of the trade.

16A.20 Basis Trades must be reported to the Exchange through the ICE Block facility by:

- (a) the Member itself:
  - (i) Where a General Participant Member registers a Basis Trade with or on behalf of a client who is not a Member, it must comply with all applicable laws, including in relation to suitability and appropriateness.
  - (ii) In the case of a Trade Participant or an Individual Participant, the Basis Trade must be in respect of business for its own account and the proposed counterparty to the Basis Trade pursuant to the Contingent Agreement to Trade must be another Member.
- (b) a Member's Representative; where they have been authorised by the Member they represent, and have been granted permission by the Exchange to access the ICE Block facility, having completed such form of enrolment as may be prescribed by the Exchange from time to time;
- (c) an ICE Block Member; where the ICE Block Member has the permission from its own Clearing Member or its client's Clearing Member(s) to register business on its own account or on the client's behalf;

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- (d) Members may also report the details of Basis Trades to the ICE Help Desk for entry into ICE Block in the Member's name; or in the name of the Clearing Member with whom its client on whose behalf the Member is registering business, has a clearing account. The Member must have been appropriately permissioned to enter Basis Trades by the Clearing Member;
- (e) any other means determined by the Exchange from time to time.

16A.21 Where the Basis Trade is agreed between two separate Members ("Non-crossed Trades") and unless agreed otherwise between the two Members party to the Non-crossed Trade, the buying Member shall enter the details of the Non-crossed Trade into ICE Block and such details shall be confirmed/accepted by the selling Member party to the Non-crossed Trade. Details must be confirmed/accepted within the period of time, and by such reporting deadline as prescribed by the Exchange from time to time for reporting.

16A.22 The Basis Trade will flow from ICE Block into the ICE Systems and be identified as a Basis Trade with a specific trade type as prescribed by the Exchange.

16A.23 Where details of a Non-crossed Trade have been submitted to ICE Block by one of the Members party to the Non-crossed Trade, but not confirmed in ICE Block by the other Member party to the Non-crossed Trade within the prescribed period of time, it is the responsibility of both Members (or the Clearing Member with whom the registering Member or counterparty is party to a clearing agreement) to discuss and resolve the matters preventing the confirmation/acceptance of the transaction submitted to ICE Block, through the Contingent Agreement to Trade or otherwise.

16A.24 Recording by the Exchange of a transaction does not preclude the Exchange from instigating disciplinary proceedings in the event that the transaction is subsequently found to have been made other than in compliance with Regulations and Trading Procedures.

16A.25 The following information with respect to the futures leg of a Basis Trade will be broadcast on the ICE Platform:

- (a) Futures Contract(s) and delivery month(s);
- (b) futures price(s); and
- (c) volume of futures traded.

In addition, these details will be distributed to quote vendors, marked with the ICE Platform market data update type 4 (Basis Trade).

For each Exchange Contract, the cumulative volume of futures traded as the futures leg of Basis Trades/Asset Allocations during the day will also be published.

16A.26 [Deleted 18 September 2014]

16A.27 The Exchange shall not be responsible for complying with the post-trade transparency requirements under MiFID II in relation to the leg or legs of a Basis Trade that are not a Contract or Contracts registering pursuant to these Regulations.

### 16B EXCHANGE FOR RELATED POSITIONS IN SOFT COMMODITY CONTRACTS<sup>107</sup>

16B.1 The Exchange provides an Exchange for Related Positions Facility in Soft Commodity Contracts ("Soft Commodity EFRP Facility"). The Soft Commodity EFRP Facility allows Members to register, subject to this Trading Procedure 16B, the following types of Soft Commodity EFRP:

- (a) Soft Commodity EFP, which is a transaction between two parties involving the purchase or sale of a Futures Contract and either:
  - (i) the simultaneous price fixing of a directly related and specifically identifiable contract for sale or purchase of the same or similar physical commodity, which expressly contemplated price fixing; or
  - (ii) the hedging of a directly related and specifically identifiable contemporaneous contract for sale or purchase of the same or similar physical commodity;
- (b) Soft Commodity EFS, which is a transaction between two parties involving the purchase or sale of a Futures Contract and an appropriate number of related options or swaps; and
- (c) Soft Commodity EOO, which is a transaction between two parties involving the purchase or sale of an

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<sup>107</sup> Inserted 4 June 2014, amended 18 September 2014, 12 October 2015, 3 January 2018, 24 September 2018

Option Contract and an appropriate number of related options,  
(together, "Soft Commodity EFRPs").

- 16B.2 Soft Commodity EFRPs may be transacted only in respect of Contracts which have been designated by the Exchange from time to time for that purpose and published from time to time by notice posted on the Market. Soft Commodity EFRPs are not permitted in a delivery month of a designated contract which has never traded.
- 16B.3 Any Member is permitted to register Soft Commodity EFRPs, subject only to the Member having in place arrangements for the registration of the Contract leg of the Soft Commodity EFRP via a Member holding a relevant trading right (the "Soft Commodity EFRP registering Member") to trade such Contract.
- 16B.3A The following approaches to the construction of hedge ratios for Soft Commodity EFSs and Soft Commodity EOs are considered acceptable:
- (a) Soft Commodity EFS: OTC swaps or options conforming to ISDA standards in relation to cocoa, robusta coffee, raw sugar, white sugar, feed wheat or in relation to a direct product of such commodity, against the relevant Soft Commodity Futures Contract - a method which is based on the quantity of the commodity or a direct product of such commodity underlying the swap or options position relative to the quantity of the commodity underlying the Soft Commodity Futures Contract; and
  - (b) Soft Commodity EEO: OTC options conforming to ISDA standards in relation to cocoa, robusta coffee, raw sugar, white sugar, feed wheat or in relation to a direct product of such commodity, against the relevant Soft Commodity Options Contract - a method which is based on the quantity of the commodity or a direct product of such commodity underlying the OTC option position relative to the quantity of the commodity underlying the Soft Commodity Options Contract.
- 16B.3B Where a hedge ratio differs from the relevant method stipulated in Trading Procedure 16B.3A, the Member who is reporting the trade is required to seek approval from the Exchange and to justify the method in advance of submission.
- 16B.4 A Soft Commodity EFRP may be registered only during the trading hours of the Contract concerned, as published by the Exchange from time to time by notice posted on the Market.
- 16B.5 When a Member accepts a Soft Commodity EFRP order, he must record the order details set out in Trading Procedure 16B.7 and, in addition, the details prescribed by (a) – (c) below, on an order record. Where a Member employs an electronic system for order routing, such details must be recorded electronically:
- (a) time of order receipt;
  - (b) identity of individual organising the Soft Commodity EFRP; and
  - (c) time stamp (at time of organisation).

All information required to be retained by the Soft Commodity EFRP registering Member, pursuant to this Trading Procedure 16B.5, must be retained by the Member for five years.

- 16B.6 The Soft Commodity EFRP registering Member is responsible for assigning the price of the Contract leg(s) of the Soft Commodity EFRP.
- 16B.7 In relation to Soft Commodity EFRPs, the following details must be submitted via the ICE Platform by the Soft Commodity EFRP registering Member:
- (a) Contract in which the Soft Commodity EFRP is being transacted;
  - (b) delivery month(s);
  - (c) agreed futures price(s);
  - (d) number of lots of each Contract; and
  - (e) counterparty Member mnemonic.

In addition, and subject to Rule F.5.C(c), the Soft Commodity EFRP registering Member must retain, in an easily accessible form that can be audited by the Exchange, documentary evidence of the following information:

either

- (i) a copy of the physical contract itself, if this was transacted at a specific outright price. The date of the physical contract must be the same as the date of registration of the futures leg;

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or

- (ii) a copy of a price-fixation confirmation, together with a copy of the directly related contract which shows the price differential or ratio at which the contract was transacted. The date of the price-fixation confirmation must be the same as the date of registration of the futures leg;

and

- (iii) that the price (plus premium, less discount, or multiplied by ratio) equates to the price at which the Soft Commodity EFP was transacted;
- (iv) that the futures delivery month referred to in the physical contract or price-fixation confirmation is the same as that for which the Soft Commodity EFP was registered; and
- (v) that the physical contract or price-fixation confirmation relates to at least the equivalent amount of the underlying commodity or a related commodity.

16B.7A In relation to Soft Commodity EFSs, the following details must be submitted via the ICE Platform by the Soft Commodity EFRP registering Member:

- (a) Futures Contract in which the Soft Commodity EFS is being transacted;
- (b) delivery month;
- (c) agreed futures price; and
- (d) number of lots of each Futures Contract.

In addition, the Soft Commodity EFRP registering Member must retain, in an easily accessible form that can be audited by the Exchange, a copy of the relevant ISDA agreement (the "ISDA Agreement") or the relevant confirmation which forms part of the ISDA Agreement.

The following information should be contained in the documentary evidence:

- (i) the price formulae of the swap or OTC option;
- (ii) the termination/maturity date;
- (iii) the effective (start) date of the swap or OTC option;
- (iv) the quantity of the swap or OTC option position relating to the underlying commodity or the direct product of such commodity; and
- (v) the referenced futures delivery month.

16B.7B In relation to Soft Commodity EOs, the following details must be submitted via the ICE Platform by the Soft Commodity EFRP registering Member:

- (a) Options Contract in which the Soft Commodity EEO is being transacted;
- (b) Options Contract expiry month;
- (c) agreed strike price and premium; and
- (d) number of lots of each Options Contract.

In addition, the Soft Commodity EFRP registering Member must retain, in an easily accessible form that can be audited by the Exchange, a copy of the relevant ISDA Agreement or the relevant confirmation which forms part of the ISDA Agreement.

The following information should be contained in the documentary evidence:

- (vi) the price formulae of the OTC option;
- (vii) the termination date;
- (viii) the start date;
- (ix) the quantity of the position relating to the underlying commodity or the direct product of such

commodity; and

- (x) the referenced options expiry month.

16B.8 Details of a Soft Commodity EFRP transaction must be reported to the Exchange through the ICE Block facility by the Soft Commodity EFRP registering Member as soon as practicable. In any event, details of the Soft Commodity EFRP must be submitted by the Soft Commodity EFRP registering Member within fifteen minutes of agreeing to register the Soft Commodity EFRP. Members must not delay submission of a Soft Commodity EFRP. If the Exchange is not satisfied that all such details are valid, it may, in its discretion, void the Soft Commodity EFRP. The registering Member will then receive confirmation of the details of the trade.

16B.10 Soft Commodity EFRPs must be reported to the Exchange through the ICE Block facility by:

- (a) the Member itself;
  - (i) Where a General Participant Member registers a Soft Commodity EFRP with or on behalf of a client who is not a Member, it must comply with all applicable laws, including in relation to suitability and appropriateness;
  - (ii) In the case of a Trade Participant or an Individual Participant, the Soft Commodity EFRP must be in respect of business for its own account and the proposed counterparty to the Soft Commodity EFRP pursuant to the Contingent Agreement to Trade must be another Member;
- (b) a Member's Representative; where they have been authorised by the Member they represent, and have been granted permission by the Exchange to access the ICE Block facility, having completed such form of enrolment as may be prescribed by the Exchange from time to time;
- (c) an ICE Block Member; where the ICE Block Member has the permission from its own Clearing Member or its client's Clearing Member(s) to execute business on its own account or on the client's behalf;
- (d) Members may also report the details of Soft Commodity EFRPs to the ICE Help Desk for entry into ICE Block in the Member's name; or in the name of the Clearing Member with whom its client on whose behalf the Member is executing business, has a clearing account. The Member must have been appropriately permissioned to enter Soft Commodity EFRPs by the Clearing Member;
- (e) any other means determined by the Exchange from time to time.

16B.11 Where the Soft Commodity EFRP is agreed between two separate Members ("Non-crossed Trades") and unless agreed otherwise between the two Members party to the Non-crossed Trade, the buying Member shall enter the details of the Non-crossed Trade into ICE Block and such details shall be confirmed/accepted by the selling Member party to the Non-crossed Trade. Details must be confirmed/accepted within the period of time, and by such reporting deadline as prescribed by the Exchange from time to time for reporting.

16B.12 The Soft Commodity EFRP will flow from ICE Block into the ICE Systems and be identified as a Soft Commodity EFRP with a specific trade type as prescribed by the Exchange.

16B.13 Where details of a Non-crossed Trade have been submitted to ICE Block by one of the Members party to the Non-crossed Trade, but not confirmed in ICE Block by the other Member party to the Non-crossed Trade within the prescribed period of time, it is the responsibility of both Members (or the Clearing Member with whom the registering Member or counterparty is party to a clearing agreement) to discuss and resolve the matters preventing the confirmation/acceptance of the transaction submitted to ICE Block, through the Contingent Agreement to Trade or otherwise.

16B.14 The following information with respect to the Contract leg of a Soft Commodity EFRP will be broadcast on the ICE Platform:

- Futures Contract(s) and delivery month(s) or Options Contract(s) and expiry months; and
- Volume of such Futures Contracts or Options Contracts traded.

In addition, these details will be distributed to quote vendors, marked with the ICE Platform market data update type E (for Soft Commodity EFPs), S (for Soft Commodity EFSs) or Q (for Soft Commodity EEOs).

For each Contract, the cumulative volume traded as the Contract leg of Soft Commodity EFRPs posted during the day will also be published.

16B.15 Recording by the Exchange of a transaction does not preclude the Exchange from instigating disciplinary proceedings in the event that the transaction is subsequently found to have been made other than in compliance with

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the Regulations and Trading Procedures.

- 16B.16 All information required to be retained by the Soft Commodity EFRP registering Member, pursuant to Trading Procedures 16B.7, 16B.7A and 16B.7B, must be retained by the Member for five years. If the Soft Commodity EFRP registering Member is not directly responsible for the registration of the physical leg of the Soft Commodity EFRP, he must have appropriate arrangements in place with the party submitting/registering the physical leg such that the information in Trading Procedures 16B.7(i) – (v), 16B.7A(i) – (v) and 16B.7B(i) – (v) above can be provided promptly to the Exchange.
- 16B.17 The Exchange shall not be responsible for complying with the post-trade transparency requirements under MiFID II in relation to the leg or legs of a Soft Commodity EFRP that are not a Contract or Contracts registered pursuant to these Regulations.

### 16C ASSET ALLOCATIONS<sup>108</sup>

- 16C.1 The Exchange provides an Asset Allocation Facility which allows Members to register, subject to this Trading Procedure 16C, Transactions involving a specified combination(s) of two Exchange Contracts in an appropriate ratio. For the purposes of these Trading Procedures such Transactions are called “Asset Allocations”.
- 16C.2 Any Member is permitted to register Asset Allocations, subject only to the Member having in place arrangements for the registration of the individual legs of the Asset Allocation via a Member holding the relevant Trading Privilege (the “Asset Allocation registering Member”) to trade the Asset Allocation Exchange Contracts.
- 16C.3 An Asset Allocation may be registered only during the trading hours of each Futures or Options Contracts concerned, as published by the Exchange from time to time by notice posted on the Market.
- 16C.4 Asset allocations may be transacted only in Exchange Contracts which have been designated by the Exchange for that purpose. Such designations are published, from time to time by Notice posted on the Market. The Asset Allocation Facility can be used in respect of a delivery month for a Futures Contract, or an expiry month for an Options Contract on any Trading Day up to and including the business day preceding the Last Trading Day of that delivery month or expiry month.
- 16C.5 The Asset Allocation registering Member is responsible for assigning the price of the individual legs of an Asset Allocation. Prices of the individual legs must be at the level trading on the ICE Platform at the time the Asset Allocation is submitted for registration, as specified in Trading Procedure 3.1.2, or within the price parameters as defined by the Exchange from time to time. In the event that no trade has occurred in the relevant delivery month or expiry month on that day at the time the Asset Allocation is submitted for registration, the price of the individual legs of the Asset Allocation must be within the price parameters as defined by the Exchange from time to time.
- 16C.6 The hedge ratio considered acceptable will be either:
- (a) for contracts of similar duration or asset class (e.g. Long Gilt Futures versus 10yr Eris Interest Rate Futures): nominal value for nominal value (currency converted if applicable); or
  - (b) for futures contracts of different duration along the same yield curve (e.g. Short Sterling Futures versus Long Gilt Future) or different yield curve (e.g. 5yr Eris Interest Rate Futures versus Long Gilt Futures): a method based upon the ratio of the relative value of basis point shifts in the yield curve for, the two futures contracts; or
  - (c) for strips of contracts versus longer duration contracts (e.g. Short Sterling versus 2yr Eris Interest Rate Futures) a method based upon the ratio of the relative aggregate value of basis point shifts in the yield curve of the two sides of the Asset Allocation: or
  - (d) for options contracts with different contract codes along the same yield curve (e.g. Option on Three Month Sterling versus Option on Three Month Sterling 2yr Mid-Curve) or different yield curve (Option on Three Month Sterling versus Option on Three Month Euribor®): a method based upon relative delta value of the two options legs.

Where a hedge ratio differs from such methods, the Member who is reporting the trade (see Trading Procedure 16C.10) is required to seek approval from the Exchange and justify the method employed in advance of such submission.

- 16C.7 In respect of each Asset Allocation submitted, the Member accepting the Asset Allocation order must record the order details prescribed by Trading Procedure 3.1.2 and where a Member employs an electronic system for order

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<sup>108</sup> Inserted on 3 June 2016; Amended 14 February 2018, 24 September 2018



routing, details prescribed in Trading Procedure 3.1.2 must also be recorded electronically.

- 16C.8 All information required to be retained by the Asset Allocation registering Member, pursuant to Trading Procedure 3.1.2, must be retained by the Member for five years.
- 16C.9 The Asset Allocation details set out in Trading Procedure 3.1.2 must be submitted to the Exchange as soon as practicable. The period of time for the submission of an Asset Allocation to the Exchange commences as soon as verbal agreement on the terms of the Asset Allocation is reached between the parties to the Asset Allocation. In any event, details of the Asset Allocation must be submitted by the Asset Allocation registering Member within fifteen minutes of the time at which the Asset Allocation was agreed off-exchange (the cleared part of which being subject to a Contingent Agreement to Trade). Members must not delay submission of an Asset Allocation. Failure to meet such reporting timelines may constitute a breach of the Rules.
- 16C.10 The Exchange may check the Asset Allocation details submitted to ICE Block and, if the Exchange is not satisfied that all such details are valid, it may, in its absolute discretion, void the Asset Allocation. A decision by the Exchange to void an Asset Allocation is final.
- 16C.11 Asset Allocations must be reported to the Exchange through the ICE Block facility by:
- (a) the Member itself;
    - (i) Where a General Participant Member registers an Asset Allocation with or on behalf of a client who is not a Member, it must comply with all applicable laws, including in relation to suitability and appropriateness.
    - (ii) In the case of a Trade Participant or an Individual Participant, the Asset Allocation must be in respect of business for its own account and the proposed counterparty to the Asset Allocation pursuant to the Contingent Agreement to Trade must be another Member.
  - (b) a Member's Representative; where they have been authorised by the Member they represent, and have been granted permission by the Exchange to access the ICE Block facility, having completed such form of enrolment as may be prescribed by the Exchange from time to time;
  - (c) an ICE Block Member; where the ICE Block Member has the permission from its own Clearing Member or its client's Clearing Member(s) to execute business on its own account or on the client's behalf;
  - (d) Members may also report the details of Asset Allocations to the ICE Help Desk for entry into ICE Block in the Member's name; or in the name of the Clearing Member with whom its client on whose behalf the Member is executing business, has a clearing account. The Member must have been appropriately permissioned to enter the Asset Allocation by the Clearing Member;
  - (e) any other means determined by the Exchange from time to time.
- 16C.12 Where the Asset Allocation is agreed between two separate Members ("Non-crossed Trades") and unless agreed otherwise between the two Members party to the Non-crossed Trade, the buying Member shall enter the details of the Non-crossed Trade into ICE Block and such details shall be confirmed/accepted by the selling Member party to the Non-crossed Trade. Details must be confirmed/accepted within the period of time prescribed by the Exchange for reporting.
- 16C.13 Where details of a Non-crossed Trade have been submitted to ICE Block by one of the Members party to the Non-crossed Trade, but not confirmed in ICE Block by the other Member party to the Non-crossed Trade within the prescribed period of time, it is the responsibility of both Members (or the Clearing Member with whom the registering Member or counterparty is party to a clearing agreement) to discuss and resolve the matters preventing the confirmation/acceptance of the transaction submitted to ICE Block, through the Contingent Agreement to Trade or otherwise.
- 16C.14 The Asset Allocation will flow from ICE Block into the ICE systems and be identified as an Asset Allocation with a specific trade type as prescribed by the Exchange.
- 16C.15 Upon request by the Exchange the Asset Allocation registering Member must produce satisfactory evidence that the Asset Allocation has been registered in accordance with the Rules and Trading Procedures. Asset Allocation registering Members must, therefore, be in a position to supply documentary evidence in connection with an Asset Allocation.
- 16C.16 Recording by the Exchange of an Asset Allocation does not preclude the Exchange from instigating disciplinary procedures in the event that the transaction is subsequently found to have been made other than in compliance with the Regulations, nor does it preclude the Clearing House from voiding or taking other action in relation an Asset Allocation.

## TRADING PROCEDURES

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16C.17 The following information with respect to the individual legs of the Asset Allocation will be broadcast on the ICE Platform:

- (a) Futures Contracts and delivery month(s) or Options Contracts and expiry month(s);
- (b) futures prices or option premia;
- (c) volume of futures or options traded; and
- (d) any futures reference and delta with respect to volatility trades

In addition, these details will be distributed to quote vendors, marked with ICE Platform market data update type "AA" (Asset Allocation Trade).

For each Exchange Contract, the cumulative volume of futures and options traded as Asset Allocations during the day will also be published.

**SECTION 4: BLOCK TRADE PROCEDURES****17 BLOCK TRADE PROCEDURES<sup>109</sup>**

17.1 Block Trades may take place:

- (a) in respect of Contracts designated by the Exchange from time to time as Contracts that may be registered as Block Trades pursuant to the Regulation;
- (b) only during such trading hours of the Block Trade Contract concerned and on such Trading Days as the Exchange may from time to time prescribe;
- (c) in respect of an Emission Contract, only when agreed by a Member who is the holder of an Emissions Trading Privilege; and
- (d) only when agreed and reported in accordance with Rule F.7 and these Trading Procedures, and when price, volume and aggregation Rules are met.

Block Trades are not subject to Trading Procedures other than in this Section 4 or where specifically mentioned.

17.2 [Deleted 14 September 2004]

17.3 Block Trades must be reported to the Exchange through the ICE Block facility by:

- (a) the Member itself;
  - (i) Where a General Participant Member or ICE Block Member registers a Block Trade with or on behalf of a client who is not a Member or an ICE Block Member of the Exchange, it must comply with all applicable laws, including in relation to suitability and appropriateness.
  - (ii) In the case of a Trade Participant or an Individual Participant (including Trade Participant ICE Block Members transacting own business), the Block Trade must be in respect of business for its own account and the proposed counterparty to the Block Trade pursuant to the Contingent Agreement to Trade must be another Member or ICE Block Member.
- (b) a Member's Representative; where they have been authorised by the Member they represent, and have been granted permission by the Exchange to access the ICE Block facility, having completed such form of enrolment as may be prescribed by the Exchange from time to time;
- (c) an ICE Block Member; where the ICE Block Member has the permission from its own Clearing Member or its client's Clearing Member(s) to execute business on its own account or on the client's behalf;
- (d) Members may also report the details of Block Trades to the ICE Help Desk for entry into ICE Block in the Member's name; or in the name of the Clearing Member with whom its client on whose behalf the Member is executing business, has a clearing account. The Member must have been appropriately permissioned to enter Block Trades by the Clearing Member;
- (e) any other means determined by the Exchange from time to time,

in accordance with the reporting requirements in Trading Procedure 17.

Block Trades must be reported to the Exchange within a period of time, or by such reporting deadline as may be prescribed by the Exchange from time to time. Failure to meet such reporting timelines may constitute a breach of the Rules.

17.4 The period of time for the submission of a Block Trade to the Exchange commences as soon as verbal agreement on the terms of the Block Trade is reached between the parties to the Block Trade, and must be completed by such

<sup>109</sup> Amended 14 September 2004, 22 April 2005, 7 December 2005, 29 March 2006, 21 April 2006, 24 April 2006, 18 December 2007, Launch of ICE Clear 2008, 20 May 2011, 5 December 2011. 01 November 2013, 29 January 2014, 4 June 2014, 18 September 2014, 12 October 2015, 24 September 2018

reporting deadline as the Exchange may prescribe from time to time.

- 17.5 Such time of commencement shall be recorded by the Members agreeing the Block Trade off-exchange (the cleared part of which being subject to a Contingent Agreement to Trade) on the order slip or electronic record of an order in accordance with the Regulations.
- 17.6 Members must not delay reporting the Block Trade to the Exchange.
- 17.7 Where the Block Trade is agreed between two separate Members (“Non-crossed Trades”) and unless agreed otherwise between the two Members party to the Non-crossed Trade, the buying Member shall enter the details of the Non-crossed Trade into ICE Block and such details shall be confirmed/accepted by the selling Member party to the Non-crossed Trade. Details must be confirmed/accepted within the period of time, and by such reporting deadline, as prescribed by the Exchange from time to time for reporting.
- 17.8 The Exchange may check the Block Trade details submitted to ICE Block and, if the Exchange is not satisfied that all such details are valid, it may, in its absolute discretion, void the Block Trade.
- A decision by the Exchange to void a Block Trade is final.
- 17.9 Publication arrangements for Block Trades shall be prescribed by the Exchange from time to time. These may include deferred publication and non-publication in defined circumstances. Different arrangements may be prescribed for different Contracts and different sizes of Block Trade.
- 17.10 The Block Trade will flow from ICE Block into the ICE Systems and be identified as a Block Trade with a specific trade type as prescribed by the Exchange.
- 17.11 Where details of a Non-crossed Trade have been submitted to ICE Block by one of the Members party to the Non-crossed Trade, but not confirmed in ICE Block by the other Member party to the Non-crossed Trade within the prescribed period of time, it is the responsibility of both Members (or the Clearing Member with whom the registering Member or counterparty is party to a clearing agreement) to discuss and resolve the matters preventing the confirmation/acceptance of the transaction submitted to ICE Block, through the Contingent Agreement to Trade or otherwise.
- 17.12 Recording by the Exchange of a Block Trade does not preclude the Exchange from instigating disciplinary procedures in the event that the transaction is subsequently found to have been made other than in compliance with the Regulations, nor does it preclude the Clearing House from voiding or taking other action in relation to a Block Trade.

**SECTION 5: FOR RELATED MARKETS (“EFM”) FACILITY<sup>110</sup>****18 EFM PROCEDURES<sup>111</sup>**

- 18.1 EFM transactions (EFMs) may take place in respect of transactions in Contracts, and for those contract months which shall be specified by the Exchange from time to time, and are not subject to Trading Procedures other than this Section 5 unless specifically referred to.
- 18.2 EFMs must be reported to the Exchange through the ICE Block facility by:
- (a) the Member itself;
    - (i) Where a General Participant Member or ICE Block Member registers an EFM transaction with or on behalf of a client who is not a Member or an ICE Block Member of the Exchange, it must comply with all applicable laws, including in relation to suitability and appropriateness.
    - (ii) In the case of a Trade Participant or an Individual Participant (including Trade Participant ICE Block Members transacting own business), the EFM must be in respect of business for its own account and the proposed counterparty to the EFM pursuant to the Contingent Agreement to Trade must be another Member or ICE Block Member.
  - (b) a Member's Representative; where they have been authorised by the Member they represent, and have been granted permission by the Exchange to access the ICE Block facility, having completed such form of enrolment as may be prescribed by the Exchange from time to time;
  - (c) an ICE Block Member; where the ICE Block Member has the permission from its own Clearing Member or its client's Clearing Member(s) to execute business on its own account or on the client's behalf;
  - (d) Members may also report the details of EFMs to the ICE Help Desk for entry into ICE Block in the name of the Clearing Member with whom such Member, or its client on whose behalf the Member is executing business, has a clearing account. The Member must have been appropriately permissioned to enter EFMs by the Clearing Member;
  - (e) any other means determined by the Exchange from time to time,
- in accordance with the reporting requirements in Trading Procedure 18.
- 18.3 On the last day of trading of a contract month/date/group of dates, EFMs, may be reported to the Exchange by the times as specified by the Exchange from time to time.
- 18.4 Members may post an EFM by entering into ICE Block both the buy and sell sides of the trade as a crossed trade.
- 18.5 Where the EFM is agreed between two separate Members (“Non-crossed Trade”) and unless agreed otherwise under the Contingent Agreement to Trade between the two Members party to the Non-crossed Trade, the buying Member shall enter the details of the Non-crossed Trade into ICE Block and such details shall be confirmed/accepted by the selling Member party to the Non-crossed Trade.
- 18.6 Where details of the Non-crossed Trade have been submitted to ICE Block by one of the Members party to the Non-crossed Trade, but not confirmed/accepted in ICE Block by the other Member party to the Non-crossed Trade, it is the responsibility of both such Members (or the Clearing Member with whom the registering Member is party to a clearing agreement) to discuss and resolve the matters preventing the confirmation/acceptance of the transaction submitted to ICE Block, through the Contingent Agreement to Trade or otherwise.
- 18.7 Members may also report the details of EFMs to the ICE Help Desk for entry into ICE Block in the name of the Clearing Member with whom such Member, or its client on whose behalf the Member is registering business, has a clearing account, if appropriately permissioned.
- 18.8 The EFM will flow from ICE Block into the ICE Systems and be identified as an EFM, as appropriate, with a specific trade type as prescribed by the Exchange.
- 18.9 The Exchange may check the EFM details submitted to ICE Block and, if the Exchange is not satisfied that all such

<sup>110</sup> Inserted 5 December 2011, 29 January 2014, 24 September 2018

<sup>111</sup> Inserted 5 December 2011, 29 January 2014, 24 September 2018

details are valid, it may, in its absolute discretion, void the EFM.

- 18.10 A decision by the Exchange to void an EFM is final.
- 18.11 Recording by the Exchange of an EFM does not preclude the Exchange from instigating disciplinary procedures in the event that the transaction is subsequently found to have been made other than in compliance with the Regulations, nor does it preclude the Clearing House from voiding or taking other action in relation to an EFM.

