

APPENDIX III

Self-Trade Prevention Functionality Policy

All market participants engaging in proprietary trading are required to implement procedures to protect against self-trading that violates the Exchange's wash trading prohibition set out in Rule 4.02(c).

The ICE Platform has functionality, called the "Self Trade Prevention Functionality" ("STPF") that can assist participants in preventing violations of wash trading prohibitions. As set out below, certain participant categories are required to utilize the STPF.

Description of Functionality

The STPF resides within the ICE trading engine and provides various automated configurations to prevent self-trading of orders entered by the same firm or related firms; under the same Authorized Trader ID or the same account; or within the same Authorized Group ID. The functionality has the ability to be applied at any of the following levels:

Company ID – At this level, STPF can be employed on an inter-company or intra-company basis. The inter-company STPF prevents self-trading by different companies with common ownership (ie, under a common parent company) whereas intra-company STPF prevents self-trading within a single company. Firms wishing to use this type of STPF must ensure that Company IDs, are properly populated for all orders.

Authorized Group ID – At this level, a company can create Group IDs for the purpose of preventing self-trading by members of a group (within a single entity or related entities) that have access to or knowledge of each other's orders. The Authorized Group ID (Fix Tag 144/right side) is created by the participant and is passed to the Exchange on each order message. Firms are responsible for ensuring that Authorized Group IDs are sufficiently comprehensive to include all relevant traders. Those firms that have traders utilizing WebICE IDs will need to provide the ICE User Administration team with the names and WebICE IDs of the users they want grouped together and the ICE User Administration team will create and assign the Authorized Group IDs as requested by the firm.

Authorized Trader ID – At this level, STPF prohibits self-trading under the same Authorized Trader ID. For WebICE users, this would be the unique User ID assigned by ICE. For orders submitted to the Exchange through a FIX connection, the Authorized Trader ID is submitted in Tag 116 to the right of the pipe delimitator.

Account – At this level, STPF prohibits self-trading for the same account. The account must be an exact match.

Note that STPF does not apply to derived orders from spreads or other strategies that trade across outright orders. Only outright-to-outright orders and spread to same spread orders will be prevented from self-trading.

The STPF permits selection of any one of the following actions to occur when the matching engine detects a potential self- trade:

Reject Taking Order (RTO) – If a new incoming bid/offer would result in a self-trade match with a resting offer/bid, the incoming bid/offer (or “Taking Order”) will be automatically rejected.

Reject Resting Order (RRO) – If a new incoming bid/offer would result in a self-trade match with a resting offer/bid, the resting bid/offer (or “Resting Order”) will be automatically cancelled.

Reject Both Orders (RBO) – If a new incoming bid/offer would result in a self-trade match with a resting offer/bid, both the Taking Order and Resting Order will be automatically cancelled.

If the resting order has the top priority in the order book, and would result in a self-trade against the entire quantity of the inbound opposing order, then the appropriate RTO, RRO, or RBO functionality will be employed, and the relevant order (RTO; RRO) or orders (RBO) will be cancelled entirely. However, if the resting order is not the top priority order for the full volume of the inbound order, then any partial fills across unrelated parties will be permitted to occur prior to cancellation of the balance of the inbound order.

All prevention criteria configurations are set up by ICE User Administration upon request.

Mandatory Use of STPF

The STPF has been implemented to assist firms and individuals conducting proprietary trading with their wash trade compliance procedures.

The use of STPF is mandatory at the Authorized Trader ID level for Proprietary Traders with direct market access who utilize algorithmic trading applications. For the purposes of this Policy, “Proprietary Trader” means: an entity (company or individual) that trades for its own account, and which does not trade for customer/client accounts.

The Exchange intends that the mandatory use of STPF at Authorized Trader ID level will be extended over time to cover all Proprietary Traders and commercial/merchant entities other than those which trade for customer/client accounts.

Those who are required to utilize STPF to prohibit self-trading under the same Authorized Trader ID level may not opt out or otherwise override the use of STPF at this level.

Other market participants are encouraged to utilize STPF at a level that is appropriate to the nature of their trading operations and organizational structure.

It is incumbent upon all market participants to be able to demonstrate compliance with the rules that prohibit wash trading. The failure to utilize the STPF will be deemed an aggravating factor if such market participant is found to have engaged in wash trading, that would have been prevented by the STPF.

Further information is set out in the FAQ on Self Trade Prevention Functionality, located at https://www.theice.com/publicdocs/futures_us/Self_Trade_Prevention_Functionality_FAQ.pdf