

# ICE Futures U.S.<sup>®</sup>, Inc.

## TRADING RULES

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# ICE FUTURES U.S.<sup>®</sup>, INC.

## TRADING RULES

### GENERAL TRADING RULES

#### **Rule 4.00. Compliance with Rules and Orders, Consent to Jurisdiction**

(a) Any Person initiating or executing a Transaction on or subject to the Rules of the Exchange directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed, expressly consents to the jurisdiction of the Exchange and agrees to be bound by and comply with the Rules of the Exchange in relation to such transactions, including, but not limited to, rules requiring cooperation and participation in investigatory and disciplinary processes.

(b) It shall be a violation of the Rules for any Person to furnish false information, or fail to furnish information when requested, to the Board or to any committee, subcommittee, officer or employee of the Exchange in the course of its, their, or his duties.

(c) It shall be a violation of the Rules for any Person to violate, or fail to comply with, the terms of any agreement with the Exchange or any order or decision of, or any suspension imposed by, the Exchange, the Board or any committee or subcommittee of the Exchange, including, without limitation, any Hearing, Arbitration or Appeals Panel.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

#### **Rule 4.01. Duty to Supervise**

(a) Every Person shall diligently supervise the Exchange-related activities of such Person's employees and agents. For purposes of this Rule, the term "agent" includes any Exchange-related activities associated with automated trading systems that generate, submit and/or cancel messages without human intervention. Every Person shall also be responsible for the acts and omissions of such employees and agents.

(b) Each Member and Member Firm which employs a Clerk must be present or have a Member who is either an associate of the Brokers Association or Member Firm that employs such Clerk present on the premises occupied by the Exchange at all times during which such Clerk is engaged in Exchange-related activities.

**Amended by the Board September 30, 2015; effective January 1, 2016 [¶¶ (a) and (b)].**

**Amended by the Board June 22, 2017; effective July 26, 2017 [¶ (a)].**

**Amended by the Board June 22, 2017; effective July 26, 2017 [¶ (a)].**

#### **Rule 4.02. Trade Practice Violations**

In connection with the placement of any order or execution of any Transaction, it shall be a violation of the Rules for any Person to:

(a) Manipulate, or attempt to manipulate, the price of any Commodity traded on the Exchange;

- (b) Corner, or attempt to corner, any Commodity traded on the Exchange;
- (c) Execute a wash sale, accommodation Trade, fictitious sale or prearranged Trade;
- (d) Commit or attempt to commit fraudulent action on the Exchange or use or employ, or attempt to use or employ, any manipulative device, scheme, or artifice to defraud;
- (e) Withhold or withdraw from the market any order or any part of an order for the convenience of another Person;
- (f) Prearrange the execution of transactions in Exchange products for the purpose of passing or transferring equity between accounts;
- (g) Engage in cross trading other than in accordance with the following procedures:
  - (1) Independently initiated orders on opposite sides of the market for different beneficial account owners that are immediately executable against each other may be entered without delay provided that the orders did not involve pre-execution communications as defined in sub-paragraph (k) of this Rule.
  - (2) Futures orders on opposite sides of the market that are simultaneously placed for different beneficial accounts by a Person with discretion over both accounts may be entered into ETS as Crossing Order (“CO”) which contains both the buy and sell orders; or by separately entering one order and allowing it to be exposed on the ETS for a minimum of five (5) seconds before entering the opposing order.
  - (3) A futures order that allows for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite a second order received by the same intermediary using a CO which contains both the buy and sell orders; or by entering the second order immediately upon receipt and allowing it to be exposed on the ETS for a minimum of five (5) seconds before entering the opposing order.
  - (4) In the case of Options which are listed on the ETS, orders on opposite sides of the market that are simultaneously placed for different beneficial accounts by a Person with discretion over both accounts must be entered into the ETS as a CO which contains both the buy and sell orders.
  - (5) In the case of Options which are listed on the ETS, an order that allows for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite a second order received by the same intermediary only as part of a CO which contains both the buy and sell orders.
- (h) Engage in front running;
- (i) Disclose or divulge the buy or sell order of another Person except (1) in furtherance of executing the order, (2) at the request of an authorized representative of the CFTC or (3) pursuant to sub-paragraph (k) of this Rule regarding certain pre-execution communications.
- (j) knowingly enter, or cause to be entered, a Transaction in which the opposite side of a Customer order is executed for an account which is owned or controlled, or in which an ownership interest is held, by an intermediary handling the Customer order, or for the proprietary account of the employer of such an intermediary, without submitting to ETS a Crossing Order (“CO”) consisting of both the Customer order and the order for such other account, provided,

however, that any Transaction that is consummated without the knowledge of the intermediary shall not be considered to have violated this Rule.

(k) Engage in pre-execution communications, except in accordance with the following procedures:

(1) For the purposes of this Chapter, pre-execution communications shall mean communications between two (2) market participants for the purpose of discerning interest in the execution of a Transaction prior to the terms of an order being entered on the ETS and visible to all market participants on the electronic trading screen.

(2) A market participant may engage in pre-execution communications with regard to Transactions executed on ETS where a market participant wishes to be assured that another market participant will take the opposite side of an order under the following circumstances:

- (A) If a Customer order is involved, the Customer has previously consented to such communications being made on its behalf;
- (B) A party to pre-execution communications shall not disclose the details of such communications to any Person who is not a party to the communications;
- (C) A party to pre-execution communications shall not enter an order to take advantage of information conveyed during such communications, except in accordance with this Rule;
- (D) Each Options order that results from pre-execution communications must be executed by entry into the ETS of a CO consisting of both the buy and sell orders, and each Futures order that results from pre-execution communications may be entered as a CO, which contains both the buy and sell order; or by separately entering one order and allowing it to be exposed on the ETS for a minimum of five (5) seconds before entering the opposing order.
- (E) Once the terms of a CO have been agreed to, the parties may not delay entry of the CO and may not enter a Request for Quote (“RFQ”) with the intent to distract other participants from the pending CO

(l) Engage in any other manipulative or disruptive trading practices prohibited by the Act or by the Commission pursuant to Commission regulation, including, but not limited to:

(1) Entering an order or market message, or cause an order or market message to be entered, with:

- (A) The intent to cancel the order before execution, or modify the order to avoid execution;
- (B) The intent to overload, delay, or disrupt the systems of the Exchange or other market participants;
- (C) The intent to disrupt the orderly conduct of trading, the fair execution of transactions or mislead other market participants, or
- (D) Reckless disregard for the adverse impact of the order or market message.

(2) Knowingly entering any bid or offer for the purpose of making a market price which does not reflect the true state of the market, or knowingly entering, or causing to be entered, bids or offers other than in good faith for the purpose of executing *bona fide* Transactions.

**Amended by the Board March 22, 2018; effective April 23, 2018 [¶¶ (k)(2)(E)].**

**Amended by the Board June 21, 2018; effective July 13, 2018 [¶¶ (g)(2) through (5) and (k)(D)]**

#### **Rule 4.03. Dual Trading Violations**

(a) Prohibited Purchases. It shall be a violation of the Rules for any Person to purchase, on the ETS market, any Exchange Futures Contract or any Exchange Call Option or sell any Exchange Put Option for his own account or for any account in which he has any direct or indirect interest while holding an order of another Person for the same Commodity for the purchase of an Exchange Futures Contract or Exchange Call Option or sale of an Exchange Put Option, which is executable at the market price or at the price at which such purchase can be made for such Person's own account or for the account in which he has an interest.

(b) Prohibited Sales. It shall be a violation of the Rules for any Person to sell, on the ETS market, any Exchange Futures Contract or any Exchange Call Option or buy any Exchange Put Option for his own account or for any account in which he has any direct or indirect interest while holding an order of another Person for the same Commodity for the sale of an Exchange Futures Contract or Exchange Call Option or purchase of an Exchange Put Option, which is executable at the market price or at the price at which such sale can be made for such Person's own account or for the account in which he has an interest.

#### **Rule 4.04. Conduct Detrimental to the Exchange**

It shall be a violation of the Rules for any Person to fail to conform to, the Rules or the procedures of the Exchange or the Clearing Organization, or to engage in conduct or practices inconsistent with just and equitable principles of trade or conduct detrimental to the best interests of the Exchange.

#### **Rule 4.05. Prohibition on Dissemination of False Information**

It shall be a violation of the Rules for any Person to disseminate any false, misleading or knowingly inaccurate information, including reports concerning crop or market information or conditions that affect or tend to affect the price of any Commodity traded on the Exchange.

#### **Rule 4.06. Exchange for Related Position**

(a) The following transactions shall be permitted by arrangement between the parties in accordance with the requirements of this Rule, each type of transaction being referred to as an Exchange for Related Position ("EFRP"):

(i) AA or EFP Transaction: A privately negotiated and simultaneous exchange of an Exchange futures position for a corresponding related cash position;

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

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

(b) EFRP Transaction Requirements

(i) An EFRP Transaction shall consist of two discrete but related simultaneous transactions in which one party must be the buyer of (or the holder of the long market exposure associated with) the related position and seller of the corresponding Exchange contract, and the other party to the EFRP Transaction must be the seller of (or the holder of the short market exposure associated with) the related position and the buyer of the corresponding Exchange contract. The related position must involve the commodity underlying the Exchange Futures Contract or Option (or any by-product or related product) in a quantity that is approximately equivalent to the quantity covered by the Exchange Futures Contract or Option. Exchange Traded Funds (“ETFs”) are an acceptable cash or physical component of an EFP.

(ii) Each EFRP requires a bona fide transfer of ownership of the Cash Commodity between the parties or a bona fide, legally binding contract between the parties consistent with relevant market conventions for the particular related product transaction.

(iii) The execution of an EFRP transaction may not be contingent upon the execution of another EFRP or related position transaction between the parties where the transactions result in the offset of the related position without the incurrence of market risk that is material in the context of the related position transactions.

(iv) The accounts involved in the execution of an EFRP Transaction must be (A) independently controlled with different beneficial ownership; or (B) independently controlled accounts of separate legal entities with the same beneficial ownership; or (C) independently controlled accounts within the same legal entity, provided that the account controllers operate in separate business units.

(v) The parties to an EFRP Transaction shall maintain all documents relevant to the Exchange contract and the related position including all documents customarily generated in accordance with the relevant market practices, including, as applicable, copies of the documents evidencing title to, or the contract or contracts to buy or sell, the Cash Commodity (or the by-product or related product) involved in such Transaction, and master swap agreements and any supplements thereto. Any such documents and information shall be furnished to the Exchange upon request. The carrying Clearing Member shall be responsible to provide such requested documents and information on a timely basis.

(vi) EFRP Transactions executed on the Last Trading Day for any delivery month in any Sugar No. 11 or Sugar No. 16 Futures Contract must be executed and reported before the final five (5) minutes of trading.

(vii) EFPs which result in the parties immediately offsetting (i) a foreign currency cash transaction with the cash leg of a foreign currency EFP and (ii) an ICE Benchmark Administration (“IBA”) London Gold Auction and/or London Silver Auction (“Auction”) delivery obligation with the cash leg of a Gold Daily Futures Contract or a Silver Daily Futures Contract (as applicable) EFP are permitted. Such transactions are not permitted for any other asset classes or Commodity Contracts.

(A) Foreign Currency EFP Transactions

The Exchange would expect to see confirmation statements issued by the bank/foreign exchange dealer party to the Transaction. These confirmation statements should be the type normally produced by the bank/foreign exchange dealer for confirmation of currency deals and must indicate, by name or account number, the identity of the counter party principal to the Transaction. However, in

circumstances where the EFP Transaction is between a bank/foreign exchange dealer and a CTA, account controller, or other Person (“Account Controller”) facilitating, as principal, the cash/OTC component of the transaction, the confirmation statement issued by the bank/foreign exchange dealer or a written allocation instruction issued by the Account Controller as soon as practicable after the entire transaction is complete, must identify, at minimum, the name of the Account Controller, the name of the Carrying Clearing Member and the account number (or other account specific designation), but need not identify the customer of the Account Controller by name.

(B) Gold Daily and Silver Daily EFP Transactions

The Exchange requires documentation to be furnished upon request evidencing the IBA matching of the parties in the Auction. Such documentation should indicate the date of the Auction, the date of delivery and amount of Gold or Silver to be delivered. Documentation may be in the form of a standard confirmation statement issued by a party or may be furnished directly by IBA. A party should be able to demonstrate that it, or its Clearing Member, has the capability to settle transactions in the spot loco London Gold and Silver market.

(viii) A Person providing inventory financing may enter into an AA/EFP Transaction in which there is a purchase of the storable agricultural, energy or metals commodity and the sale of an equivalent quantity of Exchange Futures Contracts and simultaneously grant to the same counterparty the nontransferable right, but not the obligation, to effectuate a second AA/EFP Transaction during a specified time period in the future which will have the effect of reversing the original AA/EFP Transaction.

(c) Reporting Requirements

The parties to an EFRP Transaction shall cause the Transaction to be identified and reported to the Exchange in accordance with such procedures as are determined by the Exchange from time to time.

(d) All Commodity Contracts effected as part of EFRP Transactions shall be cleared in the usual manner. If a Clearing Member has actual or constructive notice or knowledge of the execution of non-bona fide EFRPs by its customer and the Clearing Member fails to take appropriate action, the Clearing Member may be found to have committed an act detrimental to the best interests of the Exchange.

**Amended by the Board July 28, 2017, effective September 5, 2017 [¶¶ (b)(vii) and (b)(vii)(B)].**

**Amended by the Board October 24, 2017; effective November 8, 2017 [¶(d)].**

**Rule 4.07. Block Trading**

(a) Privately negotiated Transactions may be entered into with respect to Commodity Contracts designated by the Exchange for such purpose (hereinafter referred to as "Block Trades"), provided that all of the following conditions are satisfied:

(i) Each party to a Block Trade must be an eligible contract participant as that term is defined in Section 1a(18) of the Act; provided that, if the Block Trade is entered into on behalf of Customers by (A) a commodity trading advisor registered under the Act ("CTA"), including without limitation any investment advisor registered as such with the Securities and Exchange Commission that is exempt from regulation under the Act or CFTC regulations (“Exempt Investment Adviser”), with total assets under management exceeding US \$25 million, or by (B) a foreign entity performing a similar role or function to a CTA or



investment advisor that is subject to foreign regulation (“Foreign Adviser”), with total assets under management exceeding US \$50 million, the individual Customers need not so qualify.

(ii) Each buy or sell order underlying a Block Trade must:

(A) state explicitly that it is to be, or may be, executed by means of a Block Trade; and

(B) be for at least the applicable minimum threshold as specified by the Exchange; *provided that* only a CTA, including without limitation an Exempt Investment Adviser, with total assets under management exceeding US \$25 million or a Foreign Adviser with total assets under management exceeding US \$50 million, may satisfy this requirement by aggregating orders for different accounts.

(iii) The price at which a Block Trade is executed must be fair and reasonable in light of (A) the size of such Block Trade, (B) the price and size of other Trades in the same contract at the relevant time; and (C) the price and size of Trades in other relevant markets, at the relevant time.

(iv) Block Trades shall not set off conditional orders, including but not limited to, stop orders, limit orders or market-if-touched orders, or otherwise affect orders in the regular market.

(v) Block Trades executed on the Last Trading Day for any delivery month in Sugar No. 11 Futures Contract must be executed and reported before the final five (5) minutes of trading.

(b) Block Trades may be executed in Exchange Futures and Options Contracts as determined by the Board and must meet the applicable minimum thresholds for such contracts as determined by the Board from time to time.

(c) The parties to a Block Trade shall cause the Transaction to be reported to the Exchange in accordance with such procedure as are determined by the Exchange from time to time.

(d) A Clearing Member carrying an account for which a Block Trade is executed is responsible for exercising due diligence to determine that the requirements of paragraph (a)(i) of this rule are satisfied.

(e) Block Trades may not be used to establish positions upon which a cash and carry exemption request made in accordance with Rule 6.29 is based.

## **ACCESS**

### **Rule .4.08. Access to ETS**

(a) All Clearing Members are eligible for Direct Access to the ETS upon execution of a Participant Agreement and such other agreements required by the Exchange.

(b) A Clearing Member may authorize any eligible Person to have Direct Access to the ETS. A Person is eligible for Direct Access to the ETS upon execution of a Participant Agreement and such other agreements required by the Exchange.

(c) Clearing Members and Persons with Direct Access may connect to the ETS through Direct Access by using an application provided by WebICE or another independent software vendor (“ISV”) which has been approved and authorized by the Exchange, or by developing their own application program interface (“API”) which has been approved and authorized by the Exchange

(d) A Clearing Member may permit its Customers to connect to the ETS by Order Routing. A Customer that connects to the ETS by Order Routing does not itself have Direct Access.

(e) The Exchange may refuse to grant Direct Access to any Person which a Clearing Member seeks to authorize if the Exchange determines that granting Direct Access to such Person is not consistent with the best interests of the Exchange. Any such refusal by the Exchange may be appealed by the Clearing Member and shall be considered by a panel of the Business Conduct Committee comprised of three members of the committee. Each panel shall determine the specific procedures to be applied, provided that the Clearing Member shall be afforded the opportunity to present such evidence as it deems relevant. Such a presentation shall be conducted informally with no transcript taken.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

#### **Rule 4.09. Access for Submitting Block Trades and Other Non-Competitive Transactions**

(a) Block Trades, EFPs, EFSs and EOOs are non-competitive Transactions that may be executed in accordance with the Rules specifically applicable to them and submitted to the Exchange by the Customer or another Person authorized to do so by the Clearing Member carrying the account for which the Transactions are submitted (an “Authorized Person”).

(b) An Authorized Person must execute a Participant Agreement to Access the ETS to submit non-competitive trades permitted by the Exchange.

(c) Any Block Trade submitted to the ETS by an Authorized Person in accordance with this Rule that is not otherwise accepted by a Clearing Member shall be automatically cleared on the Trade date to the Clearing Member which authorized the submission of non-competitive trades by the relevant Authorized Person for the account to which the Authorized Person allocated such Block Trade.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

#### **Rule 4.10 Clearing Member Responsibilities**

(a) Each Clearing Member is responsible for the financial obligations arising from Direct Access it authorizes for any Person and for each Customer for which it provides Order Routing access, with respect to all orders entered and Transactions executed under its Clearing Member Mnemonic.

(b) A Clearing Member is obligated to accept for clearance on the Trade date all Trades allocated to such Clearing Member that have been executed (i) by a Person through Direct Access that has been authorized by such Clearing Member and (ii) by a Customer for which it provides Order Routing access. Except as provided in Rule 4.14, a Clearing Member’s obligation to accept such Trades for clearance shall remain in full force and effect until the Exchange terminates such Direct Access or Order Routing access and cancels all orders as a result of the Clearing Member’s written notice to the Exchange revoking its authorization of such access.

(c) With respect to each Person for which it has authorized Direct Access or Customer for which it provides Order Routing access, the Clearing Member shall:

(i) take any and all actions requested or required by the Exchange with respect to such Person, including, but not limited to, assisting the Exchange in any investigation into potential violations of the Rules or of the Act, and requiring them to produce documents, provide information, answer questions and/or to appear in connection with any investigation;

(ii) suspend or terminate the Direct Access if the Clearing Member has reason to believe that the Person is enjoined by order, judgment or decree of any court of competent jurisdiction or of the CFTC or the Securities and Exchange Commission or of any state securities authority or agency from engaging in or continuing any conduct or practice in connection with the purchase or sale of any Commodity, security, option or similar instrument; or if a Person with Direct Access fails to have adequate systems and controls for risk management to monitor its orders and trades effected through Direct Access on a real time basis;

(iii) suspend or terminate such Person if the Clearing Member has reason to believe that their actions threaten the integrity or liquidity of any Exchange Contract, violate the Rules or the Act, or if they fail to cooperate in any investigation; and

(iv) independently maintain appropriate controls designed to facilitate the Clearing Member's management of financial risk and also utilize such controls designed to facilitate the Clearing Member's management of financial risk as may be provided by the Exchange from time to time.

(d) In accordance with subparagraph (c)(iv) of this Rule, a Clearing Member may authorize, as its agent, a Carrying Member or foreign broker carrying a Customer omnibus account, to utilize functionality provided by the Exchange to facilitate management of such Clearing Member's financial risk. The authorizing Clearing Member and any Carrying Member or foreign broker so authorized shall execute such agreements as required by the Exchange from time to time regarding the use of such functionality. The foregoing does not relieve a Clearing Member of its obligations to comply with any provision of this Rule or any other Exchange Rule.

(e) If a Clearing Member has actual or constructive notice of a violation or potential violation of the Rules or the Act in connection with the use of ETS by a Customer for which it provides Order Routing access or by a Person with Direct Access which has been authorized by such Clearing Member, and the Clearing Member fails to take appropriate action, the Clearing Member may be found to have violated Rule 4.04 and subject to disciplinary action under the Rules.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

**Amended by the Board December 1, 2017; effective January 15, 2018 [¶¶] (d) and (e)].**

#### **Rule 4.11. ETS Access From the Trading Floor**

(a) A Floor Member may have Direct Access from the Trading Floor, provided that a Clearing Member authorizes Direct Access of such Floor Member in accordance with Rule 4.08(b). A Floor Member shall execute such documents, register personnel and furnish such other information as the Exchange may require in connection therewith.

(i) A Floor Broker may authorize one (1) or more of his Clerks to enter orders for electronic execution from the Trading Floor by registering each Clerk with the Exchange and receiving from the Exchange a log-in identification for each Clerk. Each log-in identification shall be

issued under the Floor Broker's eBadge. Clerks appropriately registered shall be deemed to be "Registered Operators" as such term is defined in Rule 4.15.

(ii) A Clerk may be a Registered Operator for only one (1) Floor Broker at any time. Notwithstanding the previous sentence, a Clerk may be a Registered Operator for more than one (1) Floor Broker as long as (A) all of the Floor Brokers only trade for their proprietary accounts and do not execute trades for any other Person, (B) all of the Floor Brokers are associated with each other and (C) the Clerk has and utilizes a separate log-in identification for each Floor Broker and such log-in identification contains the Floor Broker's eBadge for whom the Clerk is entering the Trade.

(iii) Until such time, as the Floor Broker terminates his registration of any Clerk as a Registered Operator under the Floor Broker's eBadge pursuant to subparagraph (a)(i) above and provides the Exchange with written notice of such termination, the Floor Broker will be responsible for any and all trades submitted to ETS by such Clerk.

(b) A Clearing Member is obligated to accept for clearance on the Trade date all Trades executed and allocated to such Clearing Member by each Floor Broker or his Registered Operator authorized by the Clearing Member to have Direct Access to ETS.

#### **Rule 4.12. Revocation of Direct Access Authorization by Clearing Member**

A Clearing Member that authorizes Direct Access for a Person may revoke such authorization without prior notice to the Person. Written notice of the revocation of such authorization shall be immediately provided to the Exchange, which shall thereby terminate the Direct Access that had been authorized by such Clearing Member and cancel all orders of the Person in the system under the revoking Clearing Member's Mnemonic.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

#### **Rule 4.13. eBadges and Responsible Individuals**

(a) Each Clearing Member and Person with Direct Access (other than a Floor Broker) shall request one (1) or more eBadges as it deems necessary to accommodate the nature and volume of its business.

(b) At least one (1) Responsible Individual must be registered with the Exchange for each eBadge issued. The Exchange, in its sole discretion, may limit the number of, or require additional, eBadges and Responsible Individuals. Whenever a Responsible Individual is absent and therefore not able to be contacted, a Backup Responsible Individual must be registered with the Exchange to fulfill the role of a Responsible Individual.

(c) A Responsible Individual or, in his absence, a Backup Responsible Individual, must be reachable via telephone by the Exchange at all times that any of the eBadges as to which he is registered with the Exchange are in use.

(d) A Responsible Individual may be a trader or supervisor of other individuals who are traders.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

#### **Rule 4.14. Effect of Termination or Suspension of Clearing Member**

If a Clearing Member terminates its Clearing Membership with the Exchange or has its Clearing Member privileges terminated or suspended by the Exchange or the Clearing Organization, the Direct Access of the Clearing Member, the Direct Access authorized by such Clearing Member to any Person, and any Order Routing provided to Customer shall automatically terminate on the effective date of the termination or suspension of such clearing privileges.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

#### **Rule 4.15. Required Identifications**

(a) Each individual Person with Direct Access, employee of a Clearing Member or of a Person with Direct Access, automated trading system and Customer that connects to the ETS by Order Routing must have a unique identification assigned to them in accordance with the procedure adopted by the Exchange from time to time in order to utilize ETS. Each Person or automated trading system assigned a unique identification shall be referred to as a “Registered Operator”. The unique identification assigned to a Registered Operator may not be reassigned to another Registered Operator.

(b) Orders entered on the ETS must include the unique identification assigned to the Registered Operator. A Registered Operator is prohibited from allowing any other Person or automated trading system to use such unique identification to enter orders on the ETS. A Registered Operator may not enter orders on the ETS using a unique identification that has not been assigned to the Registered Operator.

(c) Each Clearing Member and Person with Direct Access shall file with the Exchange, in a method and format prescribed by the Exchange, information regarding each Registered Operator for whom the Clearing Member and/or the Person with Direct Access has authorized access to the ETS and who is either (i) a Member, (ii) an employee of a Member, Member Firm, Person with Direct Access or Clearing Member, (iii) individuals or employees of firms who participate in an Exchange market maker, market specialist or fee program, or (iv) any other Registered Operator as determined by the Exchange. Said information shall be filed with the Exchange prior to the date the Registered Operator is given access to ETS. Each Clearing Member and Person with Direct Access shall ensure the accuracy of the registration information on file with the Exchange regarding its Registered Operators.

(d) Each order entered through an eBadge must contain the unique identification assigned in accordance with paragraph (a) of this Rule that identifies the Registered Operator who entered the order. Each Registered Operator must utilize a client application that automatically populates the unique identification for every order.

(e) A Registered Operator shall be subject to the Rules, including, but not limited to, the Rules of this Chapter and Rules relating to order handling, trade practices and disciplinary proceedings. It shall be the duty of the Person who employs the Registered Operator to supervise the Registered Operator’s compliance with the Rules, and any violation thereof by such Registered Operator may be considered a violation by the employer.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

# ORDERS

## Rule 4.16. Customer Disclosure Statement

No Clearing Member or Member who is an FCM or introducing broker shall accept an order from, or on behalf of, a Customer for entry into ETS, unless such Customer is first provided with the Uniform Electronic Trading and Order Routing System Disclosure Statement required by the National Futures Association.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

## Rule 4.17. Acceptable Orders

(a) The following order types are supported by the ETS and shall be available in such futures and options contracts as determined by the Exchange from time to time (listed in alphabetical order):

(i) "Calendar Spread orders" – Calendar Spread orders are orders to purchase one (1) or more Exchange Futures Contracts and sell an equal number of Exchange Futures Contracts in the same Commodity at a stated price difference. All Exchange Futures Contracts comprising the Calendar Spread Order must be for the same Person. Calendar Spread orders may either trade against other matching Calendar Spread orders or may be traded against outright contracts. When traded against outright contracts, the outright contract prices are always used for each of the legs of the Calendar Spread order. When traded against another Calendar Spread order, the prices of the legs of such Transactions will be generated by a Calendar Spread algorithm determined by the Exchange and the prices of the legs of such Transactions may exceed the daily price limit for the respective product.

(A) For ETS Calendar Spread orders for Cocoa, Coffee "C"<sup>®</sup>, Cotton No. 2<sup>®</sup>, FCOJ, Sugar No. 11<sup>®</sup>, Sugar No. 16, Canola, Credit Index, Energy and all physically settled Gold and Silver Contracts, a buy order is defined as purchasing the near month and selling the far month, and a sell order is defined as a selling the near month and purchasing the far month.

(B) For ETS Calendar Spread orders for Financial Contracts and Index Contracts, a buy order is defined as purchasing the far month and selling the near month, and a sell order is defined as selling the far month and purchasing the near month.

(ii) "Intercommodity Spread Orders" – Intercommodity Spread orders are orders to purchase one (1) or more Exchange Futures Contracts and sell an equal number of Exchange Futures Contracts in a different Commodity at a stated price difference. All Exchange Futures Contracts comprising the Intercommodity Spread Order must be for the same Person. Intercommodity Spread orders may only trade against other matching Intercommodity spread orders and the prices of the legs, which may exceed the daily price limit for the respective product, will be generated by an algorithm determined by the Exchange. An order to buy an Intercommodity Spread is defined as purchasing the first named commodity and selling the second named commodity, and an order to sell an Intercommodity Spread is defined as a selling the first named commodity and purchasing the second named commodity.

(iii) "Limit orders" – Limit orders are orders to buy or sell a stated quantity at a specified price, or at a better price, if obtainable. Unless otherwise specified, any residual volume from

an incomplete limit order is retained in the central order book until the end of the day unless it is a GTC order, it is withdrawn or executed.

(iv) “Market orders” – Market orders are executed at the best price or prices available in the order book at the time the order is received by ETS until the order has been filled in its entirety. However, a market order in the Exchange’s Agricultural and Henry Hub products will not trade outside of the Reasonability Limits, a market order in all of the Exchange’s other Energy Contracts shall not trade outside 100% of the No Cancellation Range (“NCR”) and a market order in the Exchange’s Financial, Credit and Stock Index products will not trade outside of 200% of the NCR and any residual volume from an incomplete market order is canceled. Market orders are rejected if the market is not open.

(v) “Options Spread orders” – Options Spread orders are orders to effect one (1) Exchange Options Contract in conjunction with one (1) or more other Exchange Options Contracts(s) in the same commodity or to effect a Combination Transaction. All Exchange Options Contracts comprising the Options Spread Order must be for the same Person.

(A) A “Combination Transaction” shall mean two (2) or more Commodity Contracts traded simultaneously and comprised of an Exchange Options Position and a related Exchange Futures Position.

(B) Combination Transactions may only be executed when both the Exchange Futures Contract and its related Exchange Options Contract are listed for trading.

(C) All Commodity Contracts comprising the Combination Transaction must be for the same Person.

(D) The Exchange Futures Contract must be priced within its respective daily price limits.

(E) No Registered Operator, upon receiving separate orders for Exchange Futures Contracts and for Exchange Options contracts for the same or different customers, may combine and execute such orders as a Combination Transaction but must execute each order separately.

(F) The futures position must offset the net Options position of the Combination Transaction.

(G) The number of Exchange Futures Contracts should not exceed the number of Exchange Options Contracts for the Combination Transaction.

(vi) “Stop Orders” – Acceptable Types

(A) In the event that a particular Commodity Contract is subject to different NCRs based on the delivery months, the widest NCR that is listed for the particular Commodity Contract shall be applied for Stop Limit Orders and Stop Orders with Protection (collectively, “Stop Orders”), regardless of the delivery month specified in such order.

(B) “Stop-Limit Orders” – A Stop-Limit Order has two components: (1) the stop price and (2) the limit price. When a trade has occurred on ETS at or through the stop price, the order becomes executable and enters the market as a Limit order at the limit price. The

order will be executed at all price levels from the stop price up to and including the limit price. If the order is not fully executed, the remaining quantity of the order will remain active in ETS at the limit price.

(a) With respect to Stop-Limit Orders for non-Calendar Spread Transactions, the allowable price range between the stop price and the limit price of a Stop-Limit Order will be restricted to 100% of the NCR for the specified Commodity Contract.

(b) With respect to Stop-Limit Orders for Calendar Spreads, the allowable price range between the stop price differential and the limit price differential of a Stop-Limit Order will be restricted to the range specified for the Commodity Contract as determined by the Exchange from time to time (the "Calendar Spread Stop-Limit Order Range").

(c) A buy Stop-Limit becomes executable when a trade occurs at or higher than the stop price. When entered, the stop price must be above the current best offer or, if no working offer, above the current anchor price. The limit price must be equal to or greater than the stop price.

(d) A sell Stop-Limit becomes executable when a trade occurs at or lower than the stop price. When entered, the stop price must be below the current best bid or, if no working bid, then below the current anchor price. The limit price must be equal to or less than the stop price.

(C) "Stop Orders with Protection" – A Stop Order with Protection has two components: (1) the stop price and (2) an Exchange set protection limit price. The Exchange set limit price is the NCR for the specified Commodity Contract from the stated stop price. When a trade has occurred on ETS at or through the stop price, the order becomes executable and enters the market as a Limit order at the Exchange set limit price. The order will be executed at all price levels from the stop price up to and including the limit price. If the order is not fully executed, the remaining quantity of the order will remain active in ETS at the limit price.

(a) A buy Stop will have as its Exchange set limit price the stated stop price plus the NCR for the specified Commodity Contract.

(b) A sell Stop will have as its Exchange set limit price the stated stop price minus the NCR for the specified Commodity Contract.

(c) For Commodity Contracts with daily price limits, the Exchange set limit price will not exceed the absolute maximum price permitted.

(d) A buy Stop for a Calendar Spread will have as its Exchange set limit price differential the stated stop price differential plus the Calendar Spread Stop-Limit Order Range then in effect for the specified Commodity Contract.

(e) A sell Stop for a Calendar Spread will have as its Exchange set limit price differential the stated stop price differential minus the Calendar Spread Stop-Limit Order Range then in effect for the specified Commodity Contract.

(vii) "Trade At Index Close orders" – Trade At Index Close ("TIC") orders are orders to buy or sell a stated quantity of an index-based futures contract at the end of the day Spot



Index Value for the index upon which the futures contract is based, or up to a maximum number of minimum price fluctuations above or below the Spot Index Value. TIC orders may be submitted only for those Commodity Contracts and delivery months, during such time periods and for such maximum number of minimum price fluctuations above or below the Spot Index Value, as specified by the Exchange from time to time.

(viii) Trade at Morning Marker Price orders – Trade At Morning Marker Price (“TAMM”) orders are orders to buy or sell a stated quantity at:

(A) the Trading Session’s Morning Marker Price or up to two (2) minimum price fluctuations above or below the Trading Session’s Morning Marker Price; or

(B) if a Calendar Spread, at the spread differential between the Trading Session’s Morning Marker Prices of the two (2) delivery months or up to two (2) minimum price fluctuations above or below the spread differential between the Trading Session’s Morning Marker Prices of the two (2) delivery months;

For purposes of this Rule, the Morning Marker Price for an Exchange Futures Contract month shall be determined by the Exchange following the same procedures used to calculate Daily Settlement Prices as provided in Rule 4.08 and using prices traded or, if not traded, bid and offered during the Morning Marker Period.

For purposes of this Rule, the Morning Marker Period for each Exchange Futures Contract shall commence at the same time as the floor trading session for the related Exchange Options Contract begins and shall last for two (2) minutes for Sugar No. 11, Coffee “C” and Cocoa Futures Contracts and for one (1) minute for Cotton No. 2 and FCOJ Futures Contracts.

TAMM orders may be submitted only for those Commodity Contracts and delivery months and during such time periods as specified by the Exchange from time to time. TAMM orders may result in transactions priced outside the daily price limits.

(ix) “Trade At Settlement orders” – Trade At Settlement (“TAS”) orders are orders to buy or sell a stated quantity at:

(A) the Trading Session’s Settlement Price or up to one hundred (100) minimum price fluctuations above or below the Trading Session’s Settlement Price for Energy Futures Contracts or up to five (5) minimum price fluctuations above or below the Trading Session’s Settlement Price; for all other Exchange Futures Contracts; or

(B) if a Calendar Spread, at the spread differential between the Trading Session’s Settlement Prices of the two (2) delivery months up to one hundred (100) minimum price fluctuations above or below the spread differential between the Trading Session’s Settlement Price of the two delivery months for Calendar Spreads involving Energy Futures Contracts or five (5) minimum price fluctuations above or below the spread differential between the Trading Session’s Settlement Prices of the two (2) delivery months for all other Calendar Spreads; provided, however, that if either or both delivery months settles at a price that is limit up or limit down, then the price of the second leg of the Calendar Spread shall be determined by the Exchange on the basis of observed prices of Transactions involving such Calendar Spread executed during the settlement period or, in the absence of

trades in such Calendar Spread during the settlement period by using the procedures used to determine Daily Settlement prices as provided in Rule 4.08.

TAS orders may be submitted only for those Commodity Contracts and delivery months and during such time periods as specified by the Exchange from time to time. TAS orders may result in transactions priced outside the daily price limits.

(b) An ETS order may contain one (1) or more of the following functionalities for such futures and options contracts as determined by the Exchange from time to time:

(i) “Reserve Quantity orders” - An ETS order 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.

(ii) “Good After Logout orders” – Good After Logout (“GAL”) orders remain in the ETS market even after the trader has logged out or the connection to the ETS platform is lost. However, all orders, including GAL orders, will be deleted when the system closes at the end of the trading session.

(iii) “Good ‘Til Canceled orders” – Good ‘Til Canceled (“GTC”) orders are orders to buy or sell a stated quantity at a stated price which remain active in ETS until such orders are either executed, canceled by the trader or automatically canceled at the Commodity Contract’s expiration. GTC orders retain their priority in the matching engine based on the date and time they were entered.

(iv) “Good ‘Til Date orders” – Good ‘Til Date (“GTD”) orders are orders to buy or sell a stated quantity at a stated price which remain active in ETS until such orders are either executed, canceled by the trader or automatically canceled at the end of the trading session for the date specified. GTD orders retain their priority in the matching engine based on the date and time they were entered.

(v) “Good ‘Til Date & Time orders” - Good ‘Til Date & Time (“GTD&T”) orders remain active in the ETS until the date and local time specified by the user, or until they are filled in their entirety or cancelled by the user. GTD&T orders retain their priority in the matching engine based on the date and time they were entered.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

**Amended by the Board June 21, 2018; effective July 30, 2018 [¶¶ (a)(i)(A)].**

#### **Rule 4.18. Order Entry**

(a) A Registered Operator entering an order, other than in a clerical capacity, on behalf of a Customer Account, other than an order for the Registered Operator’s own account must have appropriate industry registration.

(b) A Registered Operator who is registered with the CFTC as a Floor Broker, associated person or in a comparable capacity under applicable law may enter discretionary or non-discretionary orders on behalf of any account of a Clearing Member with the prior approval of the Clearing Member. A Registered Operator who is registered as a Floor Broker may enter

discretionary or non-discretionary orders on behalf of any Customer Account with the prior approval of such Customer.

(c) A Registered Operator who is not registered as a Floor Broker or an associated person, or in a comparable capacity under applicable law, may enter non-discretionary orders on behalf of a Customer Account. Such Registered Operator may enter discretionary or non-discretionary orders for the account of his or her employer or for his or her own account if he or she is authorized by his employer to do so and does not enter or handle Customer orders. A Registered Operator who is a clerk employed by a Floor Broker may not enter orders for an account in his or her own name or any account in which he or she has a direct or indirect interest.

(d) Registered Operators of a Floor Broker, who are not registered as associated persons with the CFTC, may enter orders on a non-discretionary basis from trading terminals located in the Floor Broker's booth on the Trading Floor using the Floor Broker's eBadge, the Registered Operator's Log-In ID and, if applicable, authorized trader ID.

(e) Orders for a Customer Account, other than an order entered by a Customer for its own account, may only be entered from:

(i) the Trading Floor of the Exchange by a Registered Operator in accordance with paragraphs (b) and (d) above; or

(ii) the premises of an entity appropriately registered to conduct Customer business by a Registered Operator who is also registered with such entity as an associated person or in a comparable capacity under applicable law.

(f) It shall be the duty of each Registered Operator to:

(i) submit orders that include his Log-In ID and, if applicable, authorized trader ID; and

(ii) input the price, quantity, Exchange Commodity Contract, expiration month, correct CTI code and appropriate account designation for each order.

(g) The account designation must be an account number, account name or other identifying notation that is uniquely tied to a specific account owner for whom the order is placed.

(i) A suspense account may be utilized at the time of order entry for bunched orders that are eligible for post-trade allocation and which are made, time-stamped and executed pursuant to and, in accordance with, Rule 6.08 and CFTC Regulation 1.35(a-1) (5), provided that the appropriate account designation is entered by the end of the Trading Session into ACT or such other system as may be designated by the Exchange from time to time.

(ii) A suspense account may be utilized at the time of order entry for any other order, provided, however, that a contemporaneous written order ticket containing the correct account designation is made, time-stamped and maintained in accordance with Rule 6.08 and the appropriate account designation is entered, by the end of the Trading Session into ACT or such other system as may be designated by the Exchange from time to time.

(h) A Floor Broker receiving an order for electronic execution on the Trading Floor shall immediately upon receipt thereof prepare a written record of such order in non-erasable ink, including the account identification, order number, the notation "ETS", and shall record thereon,

by time-stamp or other timing device, the date and time, to the nearest minute, the order is received on the Trading Floor, except that such written record shall not be required if, and to the extent that, such order is in the form of a written record containing all information (except for the time of report of execution) specified herein. Corrections or additions to the information recorded on the written record of the order shall be made in a manner that does not obliterate or otherwise make illegible the originally recorded information.

(i) With respect to orders received by a Registered Operator who is not a Floor Broker, or a Floor Broker's Registered Operator, which are immediately entered in ETS and for which a suspense account is not utilized, no separate record need be made. However, if a Registered Operator receives an order that is not immediately entered into ETS, an order ticket which includes the order instructions, account designation, date, time of receipt and any other information that is required by the Exchange must be made in accordance with Rule 6.08. The order must be entered into ETS when it becomes executable.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

**Rule 4.19. Audit Trail Requirements for Electronic Orders Submitted Through Direct Access or Order Routing Systems**

(a) Each Clearing Member connecting to the ETS by Direct Access is responsible for (1) maintaining or causing to be maintained, and producing upon request of the Exchange, the audit trail for all orders submitted to the Exchange through its Direct Access connection and any Order Routing system and (2) producing upon request of the Exchange audit trail records for each Person with Direct Access that has been authorized by the Clearing Member to have such a connection. Each Person connecting to the ETS by Direct Access is responsible for maintaining or causing to be maintained the audit trail for all orders submitted to the Exchange through its Direct Access connection.

(b) A Clearing Member or Person with Direct Access that has arrangements for a third party to maintain audit trail information on its behalf shall remain responsible for compliance with this Rule.

(c) The audit trail for electronic orders must include, at a minimum, the following order data:

(i) date and times of (A) order entry, (B) order receipt and (C) all modification and cancellation messages submitted to ETS and responses to such messages. The times of order entry, order receipt, order modification and responses must reflect the highest level of precision provided by the API, but not less than one hundredth of a second and shall not be subject to modification or alteration by the Person entering the order; and

(ii) the following order details: (A) Exchange Commodity Contract; (B) expiration month; (C) buy/sell indicator; (D) futures or option indicator; (E) if option, put/call designation; (F) quantity; (G) if a reserve quantity order, the reserve quantity; (H) order type; (I) price; (K) stop price; (L) if option, strike price; (M) time-in-force; (N) Clearing Member ID; (O) account number; (P) customer type indicator; (Q) ETS log-in identification; (R) authorized trader tags (Tag numbers 116, 115 and 144); (S) client order identification; (T) Exchange order identification; and (U) order status.

(d) Orders that are eligible for post-execution allocation may be entered into ETS as long as the Person placing such orders, and the allocation of such orders comply with the requirements of

Rule 6.08(c) (“Bunched Orders”). Bunched Orders may be entered using a suspense account number provided that, either

(i) the orders are being placed by an Eligible Account Manager; or

(ii) a written, pre-determined allocation scheme(s) has been provided to the Futures Commission Merchant (“FCM”) carrying the account(s) prior to the time that such orders are entered into ETS; provided, however, that, if the allocation scheme(s) has not been submitted to the FCM, each specific account number must be entered into ETS at the time of order entry.

For all Bunched Orders executed on the ETS, the final specific account allocations must be submitted to the Exchange in accordance with the Rules.

(e) The electronic audit trail must be maintained for a minimum of five (5) years. Upon the request of the Exchange, each Clearing Member must have the ability to produce to the Exchange the audit trail data in a format prescribed by the Exchange.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

#### **Rule 4.20. Revising Orders**

The price or volume of an ETS order that has not fully traded may be revised. If the volume is reduced, the time priority originally assigned to the order does not change. Revising the price or increasing the volume will change the order’s time priority in the queue to the time ETS receives the revision.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

#### **Rule 4.21. Deactivating and Deleting Orders**

When a Registered Operator logs off, all of his ETS orders are deactivated except for orders designated as GAL or GTC. If for any reason the connection to ETS is lost, all orders entered from that location are deactivated except for orders designated as GAL or GTC.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

## TRADING

### Rule 4.22. Pre-Trading Session

(a) Prior to the opening of a trading session for an Exchange Commodity Contract, there will be a Pre-Trading Session designated by the Exchange during which time only Limit orders may be entered.

(b) Throughout the Pre-Trading Session, an Uncrossing Algorithm will run at regular intervals, which may vary by Commodity Contract, and will provide indicative opening prices to all Registered Operators logged on at that time.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

### Rule 4.23. Opening Match

(a) The period of time after the termination of the Pre-Trading Session and prior to the Open of trading, shall be referred to as the “Opening Match”. During the Opening Match, all Limit orders entered and designated as active during the Pre-Trading Session may be matched, as appropriate, resulting in executed Trades at the Opening Match price.

(b) The price level and quantity of contracts traded during the Opening Match will be determined by an Uncrossing Algorithm determined by the Exchange. No new orders may be submitted during the Opening Match.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

### Rule 4.24. Open and Close of Electronic Trading Session

(a) The Open of an ETS Trading Session will be indicated by the display of the “open” indicator on ETS.

(b) The Close of an ETS Trading Session will be indicated by the display of the “closed” indicator on ETS.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

### Rule 4.25. Trading Hours

(a) The ETS trading hours shall be as specified by the Exchange from time to time. All times specified in this Rule for Energy Contracts shall refer to the prevailing time in New York City on the relevant day and shall be referred to as Eastern Prevailing Time or “EPT”.

(b) The time period during which daily Settlement Prices shall be determined is:

(i) for Cocoa Futures and Options Contracts, 11:48 AM – 11:50 AM;

(ii) for Coffee “C” Futures and Options Contracts, 12:23 PM – 12:25 PM;

(iii) for Cotton No. 2 Futures and Options Contracts, 2:14 PM – 2:15 PM;

- (iv) for FCOJ Futures and Options Contracts, 1:29 PM – 1:30 PM;
  - (v) for Sugar No. 11 Futures and Options Contracts, 12:53 PM – 12:55 PM;
  - (vi) for Sugar No. 16 Futures Contracts, 12:59 PM – 1:00 PM;
  - (vii) for Canola Futures Contracts, 2:14 PM - 2:15 PM;
  - (viii) for Financial Futures and Options Contracts, 2:59 PM – 3:00 PM, other than the Brazilian Real/US Dollar contract for which the period shall be 3:59-4:00 pm Sao Paolo, Brazil time;
  - (ix) for Commodity Price Index Futures and Options Contracts, 2:44 PM – 2:45 PM;
  - (x) for Oil Contracts and Energy Futures and Options Contracts involving Power and Natural Gas, 2:28 PM-2:30 PM and for Environment products, 3:45-4:00 PM; and
  - (xi) for Eris CDX IG and Eris CDX HY Credit Futures Contracts, 4:30-4:35 PM.
  - (xii) for 100oz Gold Futures, 33.2 oz. mini Gold Futures, Options on 100oz Gold Futures and Options on 33.2 oz. mini Gold Futures, between 1.29 and 1.30 p.m., and for Gold Daily Futures, between 3:00 and 3:05 pm London Time.
  - (xiii) for Silver Daily Futures, 5000 oz Silver Futures, 1000oz Silver Futures, Options on 5000 oz Silver Futures and Options on 1000 oz Silver Futures, 1:24pm – 1:25 pm;
  - (xiv) for the NYSE Arca Gold Miners Index Futures Contracts, 3:59pm and 4pm NY Time;
  - (xv) for all mini MSCI Index Futures and Options Contracts except for mini MSCI USA Index Futures, mini MSCI USA Growth Index Futures and mini MSCI USA Value Futures between 3:59pm and 4pm NY Time;
  - (xvi) for mini MSCI USA Index Futures, mini MSCI USA Growth Index Futures and mini MSCI USA Value Futures 4:15pm NY time;
  - (xvii) for the NYSE Index Futures Contracts, 3:59 PM and 4:00 PM.
- (c) On the Last Trading Day for each Exchange Futures Contract, the Trading Session will end:
- (i) for Sugar No. 16 Futures, at 12:45 PM;
  - (ii) for Cotton No. 2 Futures at 2:20 PM;
  - (iii) for Coffee “C” Futures at 12:25 PM;
  - (iv) for Cocoa Futures at 11:50 AM;
  - (v) for Sugar No. 11 Futures at 12:55 PM;

- (vi) for FCOJ Futures, at noon;
- (vii) for Canola Futures, at 2:20 PM;
- (viii) for the USDX Futures, ICE Futures EURO Index and Currency Futures, at 10:16 AM;
- (ix) for Cash Settled Currency Futures Contracts, as specified for each contract in Rule 26.03;
- (x) for NYSE Index Futures, at 9:30 AM
- (xi) for Oil Futures Contracts and Energy Futures Contracts, at the same time as the regular Trading Session; and
- (xii) for Credit Index Futures Contracts, 4:30 EPT.
- (xiii) for Gold Daily Futures Contracts and Silver Daily Futures Contracts, noon London time; and
- (xiv) for all other Exchange Futures Contracts, at the time specified in the chapter of the Rules setting forth the terms and conditions of such contract.

(d) On the Last Trading Day for each Exchange Options Contracts, the Trading Session will end at the following times:

- (i) for Cocoa Options and Coffee “C” Options at 1:30 PM;
- (ii) for Sugar No. 11 Options at 1:00 PM;
- (iii) for Cotton No. 2 Options at 2:20 PM;
- (iv) for USDX Options at 3:00 PM;
- (v) for Canola Options at 2:20 PM;
- (vi) for Oil Options and Energy Options Contracts, at the times specified for each such Option in subchapter E of Chapter 18.
- (vii) for all other Exchange Contracts, at the time specified in the chapter of the Rules setting forth the terms and conditions of such contract.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

**Amended by the Board July 28, 2017; effective September 5, 2017 [¶(b)(xiv) and (c)(xiii).**

**Amended by the Board September 27, 2017; effective November 8, 2017 [¶(b)(ix) and (c)(ix)].**

**Amendments to Paragraphs (b)(xi) and (c)(xi); effective February 19, 2018.**

**Amended by the Board June 21, 2018; effective July 30, 2018 [¶ (b)(vii) through (b)(xvii), (c)(ii) and (c)(iii), (c)(vii) through (c)(xiv) and (d)(i) through (i)(vii)].**

**Amended by the Board December 6, 2018; effective January 7, 2019 [¶ (b)(ii) and (c)(iii)].**



#### **Rule 4.26. Order Execution**

(a) A Trade is executed in ETS when the following conditions occur:

(i) one order is a bid and the other is an offer;

(ii) the two orders are for the same Exchange Commodity Contract and delivery or expiration month and, if an Option order, the same Strike Price and Option type, if available; and

(iii) the price of the bid (offer) equals or is greater (less) than the price of the offer (bid).

(b) All orders entered and activated are queued by the time of entry or amendment and matched on a first-in-first-out price and time priority basis.

(c) Details of each Trade made on ETS will be recorded by the Exchange, and confirmation of the Trade will be displayed on ETS for each Registered Operator who is a party to the Trade.

(d) Each executed Trade shall be transmitted to PTMS, at which time each side of the Trade will be allocated to, and deemed accepted by, the Clearing Member which authorized Direct Access or provided Order Routing access for their Trade side. Each such Clearing Member shall be financially liable for their Trade side in accordance with Rule 4.10 unless it is subsequently accepted by another Clearing Member through the ACT System. The allocation of a Trade side in ACT shall be made as soon as practicable after the Trade is executed, and the receiving Clearing Member shall become financially liable under Rule 4.10 upon affirmatively accepting the Trade in accordance with the procedures specified by the Exchange from time to time. Acceptance by the receiving Clearing Member shall take place as soon as practicable, but in no event later than the end of the Trading Session in which it was executed.

(e) All mechanical adjustments shall be made through PTMS. Any submission of a mechanical adjustment shall include all information required by PTMS to process such mechanical adjustment.

(f) Failure of ETS to broadcast any message in respect of a Trade made in ETS, an order or any part thereof, shall not invalidate any Trade recorded by the Exchange.

(g) In the event that ETS or any part of ETS fails, the Exchange's determination that a Trade has or has not been made on ETS shall be conclusive and binding.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

#### **Rule 4.27. Priority of Execution**

Orders received by a Registered Operator shall be entered into ETS in the sequence received. Orders that, by their terms, cannot be immediately entered into ETS must be so entered when the orders become executable in the sequence in which the orders were received.

#### **Rule 4.28. Interval Price Limits**

(i) Definitions: As used in this Rule 4.28, the following terms shall have the meanings specified herein:

(A) Anchor Price: the price of the relevant contract month at the outset of an IPL Recalculation Period.

(B) IPL Amount: the maximum number of points, as determined by the Exchange, that a contract month is permitted to move above or below the Anchor Price during each IPL Recalculation Time for such contract month. The IPL Amount shall be added to and deducted from the Anchor Price to create a permitted price range applicable to such contract month for the current IPL Recalculation Time

(C) IPL Recalculation Time: the pre-set period of time, as determined by the Exchange, during which the intraday price range established in accordance with this Rule shall remain in effect. At the conclusion of each IPL Recalculation Time a new intraday price range shall be determined in accordance with this Rule.

(D) IPL Hold Period: the additional period of time, as determined by the Exchange, that the applicable intraday price range will remain in effect in the event that a trading hold has been triggered.

(ii) Interval price limits, which establish dynamic intraday price ranges outside of which trading in a particular contract month of an Exchange Futures Contract may not take place for a pre-set period of time, shall be applicable to those Exchange Futures Contracts and contract months as determined by the Exchange, in its discretion, from time to time. The Exchange shall specify, and may alter in its discretion, the IPL Amount, IPL Recalculation Time, and IPL Hold Period for each Exchange Futures Contracts.

(iii) In the event that a contract month seeks to trade at a price that would be outside the permitted price range calculated in accordance with this Rule, a trading hold shall be initiated for the applicable IPL Hold Period. Any buy (sell) order which attempts to execute a Trade or rest above (below) the permitted price range will trigger a trading hold for the applicable IPL Hold Period.

(iv) During an IPL Hold Period, the affected contract month shall continue to trade, but price movement shall be restricted to the price range that was in effect prior to the start of the IPL Hold Period. All resting Limit and Stop Orders will remain active in the ETS during an IPL Hold Period; no resting Limit or Stop Orders will be cancelled by the ETS.

(A) In the event that a Market or Limit Order triggers an IPL Hold Period, any unexecuted balance of such order will be cancelled. If the IPL Hold Period is triggered by a Stop-Limit Order or Stop Order with Protection, the unexecuted balance of such order will not be cancelled.

(B) In the event an IPL Hold Period is triggered, the ETS will temporarily reset the limit price of elected Stop Limit Orders and Stop Orders with Protection while the IPL Hold Period exists to the upper or lower end of the intraday price range, depending on the direction of the price movement. The limit price of Stop Orders to buy at prices above the price range will be reset to the high end of the range (in the case of an upward move); the limit price of Stop Orders to sell at prices below the price range will be reset to the low end

of the range (in the case of a downward move). At the end of the IPL Hold Period, the limit price of any remaining unfilled order volume will be restored to its original limit price.

(C) A new Market Order or new Limit Order to buy at a price above the high end of the permitted price range (in the case of an upward move) or to sell at a price below the low end of the permitted price range (in the case of a downward move) will be rejected during the IPL Hold Period. If, at the time such Market Order or Limit Order is entered it is capable of being executed at a price that is within the permitted price range, it will be accepted and executed.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

#### **Rule 4.29. Invalid Trades**

Notwithstanding the Reasonability Limits, where applicable, a Trade made or purported to be made on ETS may be declared invalid by the Exchange in the following circumstances:

(a) Unrepresentative Price

(i) If the Exchange determines that a Trade has taken place at an unrepresentative price, the Exchange, at its absolute discretion, may declare such Trade invalid. The Exchange may take into account such information as it deems appropriate when determining whether to invalidate a Trade, including, without limitation, the following:

(A) price movement in other delivery or expiration months of the same Exchange Commodity Contract;

(B) current market conditions, including levels of activity and volatility;

(C) time period between different quotes and between quoted and traded prices;

(D) market or other information regarding price movement in related Commodity Contracts;

(E) manifest error;

(F) proximity of the Trade to the close of the ETS trading session.

(b) Breach of Regulations and/or Rules

(i) If the Exchange determines that a Trade has been made in breach of CFTC Regulations or the Rules, the Exchange may declare the Trade invalid.

(c) Cancellation of a Trade

(i) An invalid Trade will be removed from PTMS, may be removed from the trading server and may be displayed on ETS as a cancelled Trade.

(d) Notification

(i) When a Trade is declared invalid by the Exchange and is removed from PTMS, the parties to the Trade will be notified of that fact and a message will be broadcast on ETS announcing the Exchange Commodity Contract, delivery or expiration month and price level of the invalid Trade.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

**Rule 4.30. Error Trades**

In order to ensure fair and orderly market conditions, the Exchange may cancel any order and may cancel any Trade executed in ETS pursuant to the Error Trade Policy contained in Appendix 1 to this Chapter.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

**Rule 4.31. Errors and Omissions in Handling Orders**

(a) If a Registered Operator who inadvertently, through error or omission, fails to execute an order in ETS at the time it should have been executed, and the order cannot be executed at a price which is better than or equal to that which the order should have received, the Registered Operator may, upon discovery of such error or omission, execute such order at the best obtainable price on the ETS. Such order should be executed in the next available Exchange Trading Session for the applicable listed Exchange Commodity Contract, but, in any event, no later than the close of the next ETS Trading Session and shall be reported to the Customer at the price at which the order was actually executed.

(b) In no case may a Customer receive a price which is worse than that which the Customer should have received had the error not occurred. If such price is to the advantage of the Customer, the Customer shall receive the benefit thereof, if not, the Customer shall receive such monetary adjustment as will afford the Customer the equivalent of the price at which such order should and could have been executed.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

**Rule 4.32. Misuse of ETS**

Misuse of ETS is strictly prohibited. It shall be a violation of the Rules for any Person to willfully or negligently engage in unauthorized access to ETS, to assist any Person in obtaining unauthorized access to ETS, to trade on ETS without the authorization of a Clearing Member, to alter the equipment associated with ETS, to interfere with the operation of ETS, to use or configure a component of ETS in a manner which does not conform to the Rules, to intercept or interfere with information provided on or through ETS, or in any way to use ETS in a manner contrary to the Rules.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

### **Rule 4.33. Termination of ETS Connection**

Subject to the limitations and requirements of Rule 21.02(f), the Vice President of Market Regulation or his delegate, shall have the right to summarily deny electronic trading access to any Clearing Member or Direct Access Member and shall have the right to direct a Clearing Member to immediately deny any Person access to ETS.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

## **SETTLEMENT AND CLEARING**

### **Rule 4.34. Settlement Prices**

(a) Settlement Prices for all Exchange Futures Contracts except as otherwise specified in the terms of an Oil Contract described in Chapter 19 of the Rules, shall be determined in the manner specified in this Rule. All prices, bids and offers during the applicable closing period as defined in Rule 4.25(b) (the “close”) shall be used to determine the Settlement Price of a delivery or expiration period unless otherwise specified herein. For purposes of this Rule 4.34, the phrase “delivery or expiration period” shall refer to the particular contract in the listing cycle of the Exchange Futures Contract for which the Settlement Price is being determined.

(b) Except as specified in paragraph (c) with respect to the Last Trading Day of certain Exchange Futures Contracts, the Settlement Price of each delivery or expiration period of an Exchange Futures Contract shall be determined as follows:

(i) For the delivery or expiration period with the highest open interest (the “Lead Contract”), the Settlement Price shall be the weighted average of all prices for outright Trades traded during the close. When the average is a fraction, the weighted average shall be rounded to the nearest minimum permissible price fluctuation for all products other than the USDX, for which the weighted average shall be rounded to the nearest .001 of a USDX index point. For purposes of this Rule, weighted average shall mean the average by volume of all transactions executed in such delivery or expiration period during the close.

(ii) The Settlement Price for each delivery or expiration period other than the Lead Contract shall be either the weighted average or the prevailing differential depending on the nature of the trading volume in such delivery or expiration month during the close.

(iii) If no Trades have been executed during the close in a delivery or expiration period, the Settlement Price for such delivery or expiration period shall be either the average of the bids and offers made during the close or the prevailing differential between such delivery or expiration period and the nearest active delivery or expiration period during the trading day depending on the nature of the bids and offers and spread Trades involving such delivery or expiration period.

(iv) Notwithstanding subparagraphs (b)(i) through (iii) of this Rule, if the Exchange concludes that the Settlement Price determined in accordance with subparagraphs (c)(i) through (iii) of this Rule does not fairly represent the market value of the relevant delivery or expiration period relative to the Settlement Price of any other delivery or expiration period, or is inconsistent with market information known to the Exchange, it may establish the Settlement Price of such delivery or expiration period at a level consistent with such other Settlement Price(s) or market information including the settlement prices for similar contracts trading on other markets, trading activity in the spot, OTC and swap markets, forward prices,

pricing data obtained from OTC and swap market participants, and any other pricing data from sources deemed reliable by the Exchange.

(v) If, for any reason, the relevant index or other value on which final settlement of any Futures Contract is based is not published, or the Exchange believes there is an error in the calculation of the index or other value, or the Exchange is otherwise unable to issue a final Settlement Price on such day as specified in the Rules, then the Exchange may, in its discretion, either publish a final Settlement Price on such day using such pricing data as it deems reliable, or delay issuing a final Settlement Price and shall publish a final Settlement Price on the next Business Day or as soon thereafter as practicable using such pricing data as it deems reliable, unless otherwise specified in the Rules of the relevant Exchange Futures Contract.

(c) On the Last Trading Day the Settlement Price shall be determined as follows:

(i) in the expiring Cocoa delivery month, the Settlement Price shall be determined by the differential between the value of the expiring delivery month and the value of the next delivery month for the last minute of trading.

(ii) in the expiring USDX contract month, the Settlement Price shall be determined as specified in Rule 15.06 and

(iii) in any expiring cash settled Currency Futures Contract, the Settlement Price shall be determined as specified in Rule 26.04.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

**Amendments to Paragraph (a); effective February 19, 2018.**

**Amended by the Board June 21, 2018; effective July 30, 2018 [¶ (a)].**

**Amended by the Board November 16, 2018; effective December 4, 2018 [¶¶ (a) through (b)(iv)].**

#### **Rule 4.35. Settlement Premiums**

(a) Promptly after the close of trading in each Exchange Option Contract, the Exchange shall establish the Settlement Premium for each Striking Price of each Option Month of each Option listed for trading that has open interest. A Settlement Premium may be established for any Strike Price that has no open interest.

(b) Each such Settlement Premium shall be derived from available market information including, but not limited to, following:

(A) the weighted average price of all electronic Trades executed during the closing period which shall mean the average by volume of all electronic Trades executed during the closing period for all electronics Trades in a single Strike Price rounded to the nearest minimum permissible price fluctuation of such contract;

(B) bids and offers continuously made during the closing period on the ETS;

(C) the Option's intrinsic value;

(D) the implied volatility of the (1) corresponding Call or Put of the same Strike Price, (2) nearest active prices on the ETS of the particular contract, and (3) electronic Trades in that Strike Price executed during the day, including the volume of the electronic Trades, bids and offers used to calculate such implied volatility;

(E) the differential between the implied volatility of a Strike Price and the implied volatilities for Strike Prices of nearby contract months;

(F) the settlement price of the Underlying Futures Contract, and

(G) any other market information known to the Exchange.

(c) Notwithstanding the foregoing, if a Settlement Premium derived pursuant to the above methodology is inconsistent with trades, bids or offers in other Strike Prices during the closing period, or other relevant information, or if there is no relevant market activity, the Exchange may establish a Settlement Premium that best reflects market valuation at the time of the close.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

**Amended by the Board June 21, 2018; effective July 30, 2018 [¶(a)].**

#### **Rule 4.36. Allocation of Trades**

It shall be a violation of the Rules for any Person to allocate Trades among accounts except in the sequence in which the orders for such accounts have been received. The sequence of time stamping of orders when received by such Person shall be prima facie evidence of the sequence in which such orders were received. Trades executed for orders received at the same time shall be allocated on an equitable basis among the orders received; provided, however, that all orders received on the Trading Floor after the close on one (1) trading day and prior to the opening on the next trading day shall be considered as received at the same time.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

#### **Rule 4.37. Transfer Transactions Not Required to Be Made Competitively**

(a) The following transfer Transactions need not be made competitively:

(i) transfers of open contracts on the books of a Clearing Member or from one (1) Clearing Member to another Clearing Member:

(A) made at the request of a client where no change in beneficial ownership is involved;

(B) to correct errors made in the clearing of a trade(s) provided that the transfer occurs within three Business Days after the date on which the error occurred and

(ii) transfers of open contracts following the close of trading on the Last Trading Day of a particular delivery month, as provided in paragraph (e) of this Rule.

Transfers referred to in subparagraph (a)(i)(A), which offset existing Positions in the spot month, may not occur on or after the first (1<sup>st</sup>) notice day of the delivery month. Concurrent long and short positions that are held by the same beneficial owner on or after the first (1<sup>st</sup>) notice day of the delivery month must be offset by transactions executed in the market, by allowable privately negotiated transactions, or fulfilled through the normal delivery process, provided however that trades may be transferred for offset if the trade date of the position being transferred is the same as the transfer date. The receiving Firm has the responsibility to assure compliance with this Rule.

(b) Transfers of Futures Contracts made pursuant to subparagraphs (a)(i)(A) may be effected at (i) the prior day's Settlement Price, (ii) the current day's Settlement Price, or (iii) at the original market price. Transfers of Options Contracts made pursuant to subparagraphs (a)(i)(A) may be effected at either the original market Premium or a Premium of zero. For all such transfers, the transferee must carry the transferred contracts on his or its books at either the original dates or the

transfer date, with the exception of Canola Futures Contracts, which must be carried on the transferee's books at the original dates.

(c) Notwithstanding the requirements of subparagraph (a)(i)(A), the Vice President of Market Regulation or his designee may approve a transfer that results in a change of beneficial ownership in the following circumstances:

(i) transfers made for the purpose of facilitating a restructuring or consolidation of a partnership, investment fund or commodity pool—so long as the managing partner or pool operator remains the same, the transfers do not result in the liquidation of any open Positions, and the pro rata allocation of positions in the new account do not result in more than a de minimis change in the value of the interest of any participant; and

(ii) transfers made as a result of, a merger, asset purchase, consolidation or similar non-recurring corporate transaction between two (2) or more entities.

For purposes of this Rule, a change in beneficial ownership shall not be deemed to have occurred with respect to (A) transfers between Firms which are 100% owned by the same Person and (B) transfers between any Person and any entity owned 100% by such Person.

(d) Notwithstanding any other provision of this Rule, the President or his designee may, with the consent of the Clearing Member(s), authorize the transfer of existing Positions between accounts or between Clearing Members when the circumstances so require and such transfer is deemed: (i) to be in the best interests of the marketplace; or (ii) to be the most appropriate means to remedy an error that results from the good faith acts or omissions of any party.

(e) After the close of trading on the Last Trading Day of any delivery month in any Cocoa, Coffee "C", Cotton No. 2, Financial, FCOJ, Sugar No. 11, Sugar No. 16, Gold Daily Contract, Silver Daily Contract and Precious Metal Contracts (but not later than 10:30 a.m. of the Last Trading Day for the Gold Daily Contract and the Silver Daily Contract; and not later than 5:00 p.m. of the Last Trading Day for the Financial Contracts, Precious Metals Contracts, Cocoa, Coffee "C", Cotton No. 2, Canola and FCOJ; and not later than 10:00 a.m. for Sugar No. 11 and Sugar No. 16 on the following Business Day), a Clearing Member carrying one (1) or more open contracts for that delivery month for its own account or the account of any other Person as the result of an error may transfer any or all of such contracts to any other account carried by such Clearing Member or to any other Clearing Member (together with any delivery documents evidencing an intention to deliver or receive with respect to such contracts); provided that:

(i) for any delivery month in Cocoa, Coffee "C" and Sugar No. 16, no Clearing Member may so transfer for its own account and/or the account of any other Person, in the aggregate, more than ten (10) contracts in such delivery month;

(ii) for any contract date in Gold Daily and Silver Daily Contracts, and any delivery month in Cotton No. 2, Canola, a Financial Contract, Precious Metals, and FCOJ, no Clearing Member may so transfer for its own account or the account of any other Person, in the aggregate, more than twenty (20) contracts in such delivery month;

(iii) for any delivery month in Sugar No. 11, no Clearing Member may so transfer for its own account and/or the account of another Person, in the aggregate, more than eighty (80) contracts in such delivery month; and

(iv) If a Clearing Member transferring purchase contracts pursuant to this paragraph (e) shall have received a Multiple Delivery Notice with respect to such contracts and:



(A) if the transfer is made to one (1) or more of the Deliverers identified in such Multiple Delivery Notice, then, after the transfer has been effected, such Multiple Delivery Notice shall be deemed amended to reflect the deletion of the contracts so transferred; or

(B) if the transfer is to any other Person, then all of the rights and obligations of the transferor under the Multiple Delivery Notice with respect to the contracts transferred will become the rights and obligations of the transferee, and the transferee will immediately notify the Deliverer of the transfer, specifying the name and address of the transferee and identifying the contracts transferred.

**Amended by the Board July 28, 2017; effective September 5, 2017 [¶¶ (e) and (e)(ii)]**

**Amended by the Board June 22, 2017; effective July 13, 2017.**

**Amended by the Board June 21, 2018; effective July 30, 2018 [¶¶ (b), (e), (e)(ii)].**

## **TRADING FLOOR RULES**

### **Rule 4.38. Discretionary Account**

(a) No Floor Broker shall execute any Transaction for any account over which the Floor Broker has discretionary trading authority to originate orders or execute Transactions. For the purposes of this Rule, discretion only as to time and price of a Transaction shall not be deemed to constitute a discretionary trading authority.

(b) The foregoing requirement shall not apply with respect to orders originated by a Floor Broker on behalf of any one (1) or all of the following:

(i) members of the Floor Broker's immediate family;

(ii) the proprietary accounts of Members.

provided that Customers' orders, including orders granting the Floor Broker discretion as to the price, time and contract month, are executed before the orders referred to in paragraphs (a) and (b).

(c) Orders referred to in paragraphs (a) and (b) may be placed with another Floor Broker for execution.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

### **Rule 4.39. Hours Exchange and Trading Floor is Open**

Unless otherwise provided in the Rules or by the Board, the Trading Floor shall be open for business daily, except on Saturdays, Sundays and Exchange Holidays, during such hours as the Board shall direct from time to time.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

### **Rule 4.40. Trading Floor Access; Trading Restrictions; and Authorized Representation**

(a) Access: Unless otherwise provided under the Rules, only the following individuals shall have access to the Trading Floor:

(i) A Member who has been granted floor trading privileges and wears his assigned Floor Broker identification badge in a prominent position at all times;

(ii) An employee of a Member who has been granted floor trading privileges duly registered as a Clerk by such Member, in accordance with procedures established by the

Board, and wearing an authorized Exchange identification badge in a prominent position at all times while on the Trading Floor;

(iii) A guest of a Member who has been granted floor trading privileges wearing an authorized visitor's pass in a prominent position at all times while on the Trading Floor; provided, however, that such guest shall not be permitted to make any Transaction, enter any order or execute any Trade during the course of any visit to the Exchange or its premises; provided, however, that, if any Senior Vice President of the Exchange determines that the presence of such guest on the Trading Floor is not in the best interests of the Exchange, such Senior Vice President may deny access to such guest.

(iv) An Exchange employee wearing an authorized Exchange identification badge in a prominent position at all times while on the Trading Floor; and

(v) CFTC officials and staff upon request wearing an authorized CFTC or Exchange identification badge in a prominent position at all times;

(b) Trading Restrictions: No one shall execute or attempt to execute any Transaction on the Floor of this Exchange except a Floor Broker of the Exchange who has been granted floor trading privileges pursuant to the Rules.

(c) Member Responsibility: A Member shall be subject to disciplinary action for any violation of the Rules committed by such Member's employees or guests.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

**Rule 4.41. Clerk Qualification Requirements, Registration Procedures, and Trading Prohibitions**

The following Clerk qualification, registration procedures and trading prohibitions apply to all clerical staff of Members or Member Firms trading in Commodity Contracts on the Trading Floor of the Exchange:

(a)(i) Qualification Requirements: Unless otherwise provided under the Rules, clerical staff shall:

(A) include every Person a Member or Member Firm employs or wishes to employ on the Trading Floor of the Exchange, whether on a temporary or permanent basis, and regardless of whether such Person is a Member of another exchange;

(B) on an annual basis or as otherwise required by the Exchange, provide proof of employment by a Member or Member Firm for the previous year in a form acceptable to the Exchange;

(C) attend a Sexual Harassment Awareness Course sponsored by or acceptable to the Exchange as may be determined by the President, in his sole discretion; and

(D) not consist of any other Member whose rights and privileges of Membership are suspended or any individual who has been expelled from Membership, where such employment or registration is in contravention of any term or condition of such suspension or expulsion which the Exchange, the Board or any Committee may impose or to which the suspended Member or expelled Person may have agreed.

(ii) Additional Requirements for trade data entry Clerks: A Clerk who enters trade data shall:

(A) be registered with the Exchange by and for the Floor Broker for whom the Clerk enters the greatest number of transactions; provided, however, if a Clerk enters the greatest number of transactions for Floor Brokers associated with a Member Firm or Broker

Association, the Clerk shall be registered by and for a Floor Broker associated with such Member Firm or Broker Association;

(B) only enter trade data for Members or Member Firms involving Exchange Transactions; and

(C) enter trade data for no more than fifteen (15) Floor Brokers on any Business Day.

(b) Registration Procedure: All clerical staff must file with the Exchange an application for Clerk registration in the form supplied by the Exchange and consent to such background investigation as may be required from time to time. All applicants must be approved by the Exchange before they will be permitted on the Trading Floor. Each applicant shall furnish such additional information as the Exchange may request regarding any matter revealed in the background investigation or the application for registration as a Clerk. Applicants shall also be required to disclose, among other things, whether the applicant:

(i) has ever been or is suspended or expelled from any commodity or securities exchange, clearing organization, registered futures association, the National Association of Securities Dealers, Inc., or any other self-regulatory organization or other business or professional association for violation of any rule of such organization; or

(ii) has been convicted of any felony or misdemeanor involving, arising from, or related to, the purchase or sale of any commodity, commodity contract, security or option, or is or has been permanently or temporarily enjoined by order, judgment or decree of any court of competent jurisdiction or the CFTC from engaging in or continuing any conduct or practice in connection with the purchase or sale of commodities or securities or is or has been subject to an order of the CFTC denying trading privileges on any contract market to such Person, or suspending or expelling such Person from membership on any contract market, or has been convicted of any felony involving or arising from fraud or moral turpitude; or

(iii) has a disciplinary record at any exchange; or

(iv) has any unsatisfied debts to Members; or

(v) had his Membership terminated pursuant to the sale of Membership provisions of Rule 21.36.

Every Clerk registered with the Exchange shall provide prompt written notice to the Managing Director or an officer of the Membership Department, if any of the events specified in paragraphs (b)(i) through (v) above occurs.

An application for registration as a Clerk, shall be presented to a subcommittee of the Business Conduct Committee if the application or background investigation discloses that any of the events contained in subparagraphs (b)(i) through (b)(v) of this Rule has occurred or otherwise discloses any information which the Exchange believes warrants further review. The subcommittee of the Business Conduct Committee shall determine whether to permit registration of the applicant, in accordance with the procedures specified in paragraph (d)(iv) of this Rule.

Members and Member Firms are required to advise the Exchange of any changes in status of registered clerical staff, including additions and deletions of clerical staff.

It shall be the responsibility of each Member and Member Firm employing clerical staff to assure that identification badges issued to clerical staff are withdrawn promptly upon termination of employment.

(c) Access Restrictions, Suspension and Termination of Registration: The President or any Vice President of the Exchange may restrict a Clerks' access to the Exchange's premises for a specified period of time, and suspend and/or terminate the registration of any Clerk if it

determines, in its sole discretion, after notice and an opportunity to be heard, that the registration of such applicant or the continued registration of such Clerk is contrary to the best interests of the Exchange.

(d) Denial, Access Restriction, Suspension and Termination Procedures:

(i) Any action taken pursuant to paragraph (c) of this Rule shall be taken after notice to the applicant or Clerk against whom the action is taken and to the Member or Member Firm who or which seeks to register the applicant or has registered such Clerk on the Exchange and an opportunity for such applicant or Clerk to be heard.

(ii) The notice given to an applicant or Clerk shall state (A) the situation which it is believed may give rise to the need for action; and (B) the date, time and place of the hearing to be held before a subcommittee of the Business Conduct Committee.

(iii) A hearing conducted under this Rule shall be before a subcommittee of the Business Conduct Committee appointed in accordance with Rule 21.04(b). The subcommittee of the Business Conduct Committee shall determine the procedures to be followed, except that the following shall apply in every case: (A) the case in support of the action or proposed action against the applicant or Clerk shall be presented by the Compliance staff; (B) the applicant or Clerk shall be allowed to be represented by legal counsel or any other representative of his choosing and, either personally or through such representative, to present witnesses and documentary evidence and to cross-examine witnesses; (C) no formal rules of evidence shall apply, and the subcommittee of the Business Conduct Committee shall be free to accept or reject any and all evidence it considers proper; (D) a substantially verbatim record capable of being accurately transcribed shall be made of the hearing, provided, however that such record need not be transcribed unless the decision is appealed by the applicant or registrant to the CFTC; and (E) the notice of the hearing, any stenographic transcript of the hearing, the documentary evidence and any other material presented by either party with notice to the other shall constitute the record of the hearing.

(iv) Promptly following any hearing, the subcommittee of the Business Conduct Committee shall render a written decision based on the weight of the evidence contained in the record of the hearing and shall provide a copy of the decision to the applicant or Clerk and the Member who or which sought to register or has registered such Person with the Exchange. The decision shall include: (A) a brief summary of the evidence produced at the hearing; (B) the findings and conclusions of the hearing body; and (C) a declaration of any action to be taken pursuant to the determination referred to in clause (B), hereof, the effective date and duration of such action and the date upon which such decision becomes final.

(v) Any action taken by the subcommittee of the Business Conduct Committee pursuant to paragraph (c) shall become effective and final fifteen (15) days after notice of the action taken is given to the applicant or Clerk. The decision of the subcommittee of the Business Conduct Committee shall constitute the final action of the Exchange.

(e) Trading Prohibitions: Unless otherwise provided under the Rules:

(i) The clerical staff of a Member may not trade in any Commodity Contract either in his own name or in any account in which he has a direct or indirect interest.

(ii) No Member shall execute an order for, accept for clearance, or maintain a Position in any Commodity Contract if such Member knows, or with the exercise of reasonable care should know, that such order, clearance, or Position is for the direct or indirect benefit of any clerical staff registered hereunder.

(iii) The foregoing trading prohibitions shall not apply to individual Members in good standing of this Exchange.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

**Rule 4.42. Electronic Devices**

(a) For purposes of this Rule, the following definitions shall apply:

(i) "Electronic Device" shall mean any type of voice or data communications interface, including but not limited to a computer, headset, hand-held device, microphone, telephone or two-way radio.

(ii) "Electronic Information" shall mean the data made available to each Member or Member Firm by virtue of such Member's or Member Firm's access to any Electronic Device, including, without limitation, (A) the identity of other Persons transacting business on, with or through the Exchange and the price and quantity of pending or filled orders and (B) any database, software, programs, protocols, displays and manuals relating thereto, including the selection, arrangement and sequencing of the contents thereof.

(b) No Electronic Device may be used on the Trading Floor unless such device and/or use has been authorized by the Exchange and does not interfere with any Exchange system. The Exchange may, in its sole discretion, impose restrictions on the use of any authorized Electronic Device by a Member or Member Firm, and may limit, suspend or terminate any Person's right to use an authorized Electronic Device at any time, without prior notice and without any liability therefore. The Exchange shall have the right, at any time, to audit the use of any authorized Electronic Device by a Member or Member Firm.

(c) Cell phones, personal digital assistants and other similar devices with instant message ("IM") capabilities may be used only for non-business purposes and/or the placement of orders for the Member's own account, from areas outside of the trading ring.

(d) An order transmitted through IM may not be bid, offered or executed until a separate, written order ticket is prepared in accordance with Rule 6.08 and all such orders shall be subject to all applicable audit trail requirements. All IMs relating to any Transaction or order must be retained for a minimum of (5) years in accordance with Commission Regulations and are subject to review by the Market Regulation Department.

(e) No Electronic Device may be used by any Person except in accordance with this Rule and such terms and conditions of use as may be established from time by the Board, any committee appointed by the Board or Exchange staff empowered to establish and review terms and conditions of use. Each Member and Member Firm shall pay any fees and/or other charges assessed by the Exchange for the use of an Electronic Device.

(f) In addition to the specific terms and conditions of use established for an Electronic Device pursuant to paragraph (e) above, the use of an Electronic Device that has been supplied by the Exchange to a Member or Member Firm for use on the Trading Floor shall be subject to the following terms and conditions:

(i) The Member or Member Firm shall properly secure and safeguard the Electronic Device so as to prevent damage, loss or theft, and shall be liable for any damage beyond normal wear and tear, until it is returned to the Exchange.

(ii) The Member or Member Firm shall implement appropriate procedures to ensure the only Persons authorized by the Member or Member Firm have access to and/or use of the Electronic Device.

(iii) Upon termination for any reason of a Member's or Member Firm's right to use an Electronic Device, it shall be returned to the Exchange in working condition. The Member or Member Firm shall pay to the Exchange the replacement cost for any Electronic Device that is lost, stolen, damaged or destroyed while in the Member's or Member Firm's possession or while it is otherwise responsible for the Electronic Device.

(iv) The Board and/or the relevant committee or Exchange staff responsible therefor may impose restrictions on the use of any Electronic Device by a Member or Member Firm without prior notice and without liability to any Person.

(v) Electronic Information that is disclosed to, or otherwise obtained by a Member or Member Firm while accessing an Electronic Device, shall be deemed to constitute a trade secret of the Exchange (or its licensors), as to which copyright and patent rights of the Exchange may also exist. The Member or Member Firm shall keep all such Electronic Information confidential, and shall utilize such Electronic Information solely for such Member's or Member Firm's own trading activities and the trading activities of Persons for whom the Member or Member Firm is authorized to act. All copies and expressions of such trade secrets, works, processes, and methods are the exclusive property of the Exchange, and shall be returned to the Exchange upon termination of such Member's or Member Firm's right to use the Electronic Device for any reason whatsoever. Each Member or Member Firm shall take all reasonable precautions to maintain the secrecy and confidentiality of such Electronic Information. Except as otherwise permitted elsewhere in the Rules, the Member or Member Firm shall not disclose and shall use reasonable efforts not to permit the disclosure of, any part of such Electronic Information to any other Person.

(vi) Except as authorized by the Board and/or the applicable committee or Exchange staff responsible for establishing the terms and conditions of use of any Electronic Device, a Member or Member Firm shall not make, and shall not permit others to make any alterations, additions, subtractions, upgrades or improvements to, or affix or attach any foreign object to, in or on, any Electronic Device.

(g) The Exchange accepts no responsibility for loss, theft or damage to any equipment or device authorized for use on Exchange premises.

**Amended by the Board June 22, 2017; effective July 13, 2017.**

## **INSTANT MESSAGE (IM) POLICY**

In conjunction with ICE Futures U.S., Inc. ("Exchange") Rule 4.18 – Electronic Devices, the following policy shall govern the use of Instant Message ("IM") on Electronic Devices on the Trading Floor by Members and their employees to communicate with other Exchange Members, clerks, Exchange employees or parties outside of the Exchange, including customers:

- The use of wireless communication devices is permitted on the Exchange's Trading Floor as long as the Member has received authorization from the Exchange's Department of Technology ("Department"). The Department will only approve those devices that receive live data feeds, enable two-way communication and have audit trail capability. Once authorization is received from the Department, the Member, when requested, must allow the Department and/or the Market Regulation Department to examine the wireless device to determine that it is being used appropriately.

- MEMBERS HAVE A DUTY TO SUPERVISE THEIR EMPLOYEES' IM USE AND ARE RESPONSIBLE FOR ENSURING THAT THEIR EMPLOYEES COMPLY WITH THE TERMS AND CONDITIONS OF THIS POLICY.
- **Each order transmitted by IM to the Trading Floor must have a separate order ticket prepared in accordance with Exchange Rule 6.08 before the order is bid, offered or executed. IMs are subject to all applicable audit trail requirements. AS SET FORTH BELOW, NEITHER THE EXCHANGE NOR ANY OF ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS SHALL BE LIABLE TO ANY PARTY FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES IN ANY WAY RELATING TO THE USE OF IM TO TRANSMIT ORDERS.**
- All IMs relating to any Transaction or order must be retained by the Member for a minimum of five (5) years in accordance with Commission Regulations and are subject to review by the Market Regulation Department or other authorized Exchange personnel.
- Material that is fraudulent, harassing, embarrassing, sexually explicit, profane, obscene, intimidating, defamatory, or otherwise unlawful may not be sent through IM.
- Disclosure of any Exchange confidential data or information to other parties via IM is strictly prohibited.
- Disclosure of any confidential or non-public information relating to customer orders is strictly prohibited as provided in Exchange Rule 4.02(k).
- The Member is fully responsible for his or her trading activity and communications, including but not limited to, compliance with all applicable laws, rules and regulations in addition to Exchange requirements. All violators of Exchange Rules and procedures will be subject to disciplinary action.
- **THE USE OF IM INVOLVES CERTAIN RISKS. BY USING IM TO COMMUNICATE THE USER IS AGREEING TO ASSUME ALL SUCH RISKS, AND ACKNOWLEDGES THAT THE EXCHANGE IS NOT ENDORSING OR RECOMMENDING THE USE OF IM. THE USER AGREES THAT NEITHER THE EXCHANGE NOR ANY OF ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS SHALL BE LIABLE TO ANY PARTY FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES IN ANY WAY RELATING TO THE USE OF IM, REGARDLESS OF THE CAUSE OF ANY SUCH LOSS, DAMAGE, COST OR EXPENSE.**

Amended by the Board June 22, 2017; effective July 13, 2017.