PROPHETX

Rulebook

ProphetX LLC Rulebook

Version 3.0 – Effective July 29, 2026

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CHAPTER 1: DEFINITIONS

When used in this Rulebook, the following terms shall have the respective meanings ascribed to them below:

"Affiliate" means, with respect to any Person, any Person who, directly or indirectly, controls, is controlled by, or is under common control with, such other Person.

"Anti-Money Laundering" or "AML" means all laws, regulations and guidance relating to the prevention of money-laundering and terrorist financing, including, without limitation, the Bank Secrecy Act, the USA PATRIOT Act, and all regulations, guidance, and orders relating to the prevention of money-laundering and terrorist financing issued by the U.S. Department of the Treasury, a subsidiary agency or unit thereof (including, but not limited to, OFAC and the Financial Crimes Enforcement Network) or the CFTC.

"API" has the meaning ascribed to it in Rule 2.8(h).

"Applicable Law" means, with respect to any Person, any statute, law, regulation, rule or ordinance of any governmental body or Self-Regulatory Organization applicable to such Person, including, without limitation, the Commodity Exchange Act and CFTC Regulations, and state regulations where applicable.

"Authorized Trader" means a natural person who is either employed by or is an agent of a Market Participant and who is authorized by the Exchange as an Authorized Trader in accordance with Chapter 4.

"Board" means the Board of Directors of ProphetX LLC constituted from time to time in accordance with the Operating Agreement.

"CFTC" or "Commission" means the U.S. Commodity Futures Trading Commission or any successor regulatory body.

"CFTC Regulations" means the rules and regulations promulgated by the CFTC, as amended.

"Chief Compliance Officer" means the Chief Compliance Officer of the Exchange in the Exchange's capacity as a designated contract market and a derivatives clearing organization.

"Chief Executive Officer" means the Chief Executive Officer of the Exchange.

"Chief Regulatory Officer" means the individual appointed by the Board to serve as the Exchange's Chief Regulatory Officer and responsible for implementing the regulatory framework of the Exchange and for making appropriate recommendations to the Regulatory Oversight Committee or the Board or a relevant committee of the Board, as applicable.

“Chief Risk Officer” means the individual appointed by the Board to serve as the Exchange’s Chief Risk Officer and responsible for implementing the risk management framework and for making appropriate recommendations to the Regulatory Oversight Committee or the Board or a relevant committee of the Board, as applicable, regarding risk management functions.

“Collateral” means the amount required to be on deposit with the Exchange pursuant to the applicable Contract Specifications to establish a position in the relevant Contract.

“Commodity Exchange Act” means the Commodity Exchange Act of 1936, as amended from time to time.

“Company” means ProphetX LLC or any successor thereto.

“Compliance Department” means the Exchange’s compliance department in its capacity as a designated contract market and a derivatives clearing organization.

“Conflicts of Interest Policy” means the Conflicts of Interest Policy maintained by the Exchange, as amended from time to time.

“Contract” means any contract or agreement approved for trading on the Exchange pursuant to these Rules.

“Contract Specifications” means, with respect to any Contract, the rules or other trading protocols containing specifications for such Contract, as adopted, amended, supplemented or otherwise modified from time to time by the Company.

“Credentials” means a Market Participant’s (or Authorized Trader’s) identification code used to access the Exchange and Platform.

“Default” means the occurrence of a Market Participant filing for bankruptcy, being placed into receivership, or failing to perform any obligation under a Contract.

“Director” means any member of the Board.

“Disciplinary Panel” means the panel appointed by the Regulatory Oversight Committee at the recommendation of the Chief Regulatory Officer to act in an adjudicative role and fulfill various adjudicative responsibilities and duties described in Chapter 11.

“Emergency” means occurrences or circumstances which, in the opinion of the Board, require immediate action, and which threaten, or may threaten, the fair and orderly trading in, or the settlement or integrity of, any Contract, including the occurrences and circumstances defined as emergencies in Rule 2.8.

“Enterprise Risk Officer” means the individual appointed by the Board to serve as the Exchange’s enterprise risk officer and responsible for implementing the enterprise risk management framework and for making appropriate recommendations to the

Regulatory Oversight Committee or the Board or a relevant committee of the Board, as applicable, regarding enterprise risk management functions.

“Exchange” means ProphetX LLC in its capacity as a designated contract market and a derivatives clearing organization.

“Exchange Proprietary Data” has the meaning ascribed to it in Rule 10.1.

“Fee Schedule” means the Exchange’s Fee Schedule published on its website, as amended from time to time.

"Market Maker" means a Market Participant designated by the Exchange as a Market Maker pursuant to Chapter 8.

“Market Participant” means a Person that the Exchange permits to access and use its Platform for executing, entering into, or otherwise participating in Transactions.

“Material Relationship” has the meaning ascribed to it in Rule 2.2(g).

“NFA” means the National Futures Association or any successor Self-Regulatory Organization.

“NFA Member” means any member of the National Futures Association.

“No-Cancellation Range” shall have the meaning ascribed to such term in Rule 4.6(d).

“Notice of Charges” means the notice provided to a Market Participant pursuant to Rule 11.4.

“OFAC” means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

“Officer” has the meaning ascribed to it in Rule 2.4.

“Operating Agreement” means the Limited Liability Company Agreement of ProphetX LLC, as it may be amended or restated from time to time.

“Order” means either a bid or an offer for a Contract.

“Order Entry Record” or “Order Log” means the history of a Market Participant’s Orders, available on the Exchange’s Platform.

“Order ID” means the order identification number assigned to an Order by the Platform.

“Person” has the meaning ascribed to it in Section 1a(38) of the Commodity Exchange Act.

“Platform” means the Exchange’s electronic trade execution and settlement system that is used for trading Contracts, including any licensed software that is a part thereof from time to time, and any successor electronic system thereto.

“Privacy Policy” means the Privacy Policy of the Exchange, as amended from time to time.

“ProphetX DCM” means the Exchange acting solely in its capacity as a designated contract market, as applicable under these Rules.

“ProphetX DCO” means the Exchange acting solely in its capacity as a derivatives clearing organization, as applicable under these Rules.

“Public Director” means an individual with the qualifications set forth in Rule 2.2(g).

“Quote” means a structured response to an RFQ which includes in addition to order size either (1) the price at which the Quoter is willing to offer to buy the Contract or (2) the price at which the Quoter is willing to sell the Contract, and contains a unique ID code

that identifies the Quoter.

“Quoter” means a Market Participant who chooses to respond to an RFQ with a Quote.

“Regulatory Agency” means any governmental body or Self-Regulatory Organization applicable to the Exchange, including the CFTC and applicable foreign regulators.

“Regulatory Oversight Committee” means the committee of the Board constituted in accordance with Rule 2.3.

“Requester” means a Market Participant who creates an RFQ.

“Respondent” means a Market Participant that is the subject of disciplinary proceedings pursuant to Chapter 11.

“RFQ” means a Market Participant’s request for a Quote message to express interest in a market.

“Rulebook” or “Rules” means the Exchange’s rulebook and the rules therein.

“Self-Regulatory Organization” has the meaning set forth in CFTC Regulation 1.3.
“Settlement Bank” has the meaning set forth in CFTC Regulation 39.14.

“Settlement Disruption” has the meaning ascribed to it in Rule 5.2(b).

“Settlement Value” means the amount that the holder of a Contract may receive for a Contract held until expiration.

“Terms of Use” means the Terms of Use of the Exchange, as amended from time to time, and any other agreements, consents, disclosures, or documentation that the

Exchange designates or requires a Market Participant to execute, acknowledge, or accept as a precondition to accessing or using the Platform.

“Trade” or “Transaction” means any purchase or sale of a Contract or a series of Contracts.

“U.S. Financial Institution” has the meaning ascribed to it in 31 C.F.R. § 594.314.

CHAPTER 2: FORMATION AND GOVERNANCE

RULE 2.1: FORMATION AND AUTHORITY

The Exchange is organized as a Delaware limited liability company. Its management and operations are governed by its Operating Agreement and by these Rules. The Exchange is authorized by the CFTC to operate as both a designated contract market and a derivatives clearing organization, and may list and clear derivatives transactions on any commodity, including financial commodities, physical commodities, occurrences, Bitcoin, and other digital asset commodities.

Unless otherwise expressly specified in a particular Rule or Chapter, these Rules shall apply to the Exchange in its capacities as a designated contract market and a derivatives clearing organization, including where the Exchange performs functions in both capacities concurrently, and shall be construed to authorize the Exchange to take actions in either or both such capacities as necessary to implement and enforce these Rules. This reflects the Exchange's integrated market structure, in which trading and clearing functions are performed on a disintermediated and fully collateralized basis.

RULE 2.2: THE BOARD OF DIRECTORS AND OFFICERS

The Board is responsible for the overall governance of the Exchange. Its responsibilities include establishing membership standards, adopting, amending, or repealing Rules, oversight of the conduct of Market Participants, and enforcing compliance, including the authority to impose penalties for violations.

(a) The Board is charged with the oversight of the Exchange's business and affairs. It may review and, where appropriate, affirm, amend, suspend, or reverse actions taken by Officers, standing committees, or special committees in connection with the operations of the Exchange.

(b) The Chief Executive Officer of the Exchange shall serve as the chairman of the Board and shall preside over its meetings.

(c) Authority delegated by these Rules to any Officer or committee shall remain subject to the ultimate authority of the Board. In the event of a conflict, the decision of the Board shall govern, except for decisions by the Regulatory Oversight Committee.

(d) A quorum of the Board shall consist of a majority of the Directors then in office, including at least one Public Director. No action may be taken without a quorum. Actions of the Board shall be effective upon the affirmative vote of a majority of the Directors present at a duly convened meeting, unanimous written consent without a meeting, or as otherwise provided in the Operating Agreement.

(e) The size and composition of the Board shall be determined by the Operating Agreement. Public Directors shall constitute no less than thirty-five percent (35%) of the Board at all times. Directors, including Public Directors, shall be appointed in accordance with the Operating Agreement and shall serve until their successors are duly appointed or until their earlier termination by resignation or removal.

(f) Each Director shall be entitled to indemnification in accordance with the provisions of the Operating Agreement and these Rules with respect to matters relating to the Company.

(g) To qualify as a Public Director, an individual must be determined by the Board, on the record, to have no Material Relationship (as defined below) with the Exchange. This determination shall be made at the time of election and reaffirmed as circumstances require, but no less than annually. For purposes of this Rule, a Material Relationship is any relationship that could reasonably affect the independent judgment or decision-making of the Director. A Director will be deemed to have a Material Relationship if, within the preceding year:

(1) The Director has served as an Officer or employee of the Exchange or any of its Affiliates;

(2) The Director has been a Market Participant, or an officer or director of a Market Participant; or

(3) The Director, or a firm with which the Director is associated as officer, director, or partner, has received in excess of $100,000 in combined annual payments from the Exchange or any of its Affiliates for legal, accounting, or consulting services. Compensation for services as a Director of the Exchange or an Affiliate, or deferred compensation for services prior to Board service, shall not be considered a Material Relationship so long as such compensation is not contingent, conditioned, or subject to revocation.

(h) A Material Relationship held by the immediate family of a Director (i.e. spouse, parents, children, and siblings) shall be attributed to the Director.

(i) The Board shall maintain procedures for removing a Director whose conduct is likely to impair the sound and prudent management of the Exchange.

(j) The Board shall conduct an annual review of its collective performance as well as that of its individual members.

(k) No individual may serve as a Director, Officer, member of any committee of the Board, or member of a Disciplinary Panel, or have greater than a ten percent (10%) ownership interest in the Exchange, if any of the following apply:

(1) Within the past three years, the individual has been found by a final decision of a court of competent jurisdiction, an administrative law judge, the CFTC, or any Self-Regulatory Organization to have engaged in a disciplinary violation within the scope of CFTC Regulation 1.63(a)(6).

(2) Within the past three years, the individual entered into a settlement agreement in which either the findings, or in the absence of findings, the underlying conduct, involved a disciplinary violation within the scope of CFTC Regulation 1.63(a)(6).

(3) The individual is currently suspended from trading on a designated contract market or swap execution facility, expelled or suspended from membership in a Self-Regulatory Organization, serving a term of probation, or has outstanding obligations related to a fine or penalty resulting from either (i) a final adjudicated finding of a disciplinary violation within the scope of CFTC Regulation 1.63(a)(6), or (ii) a settlement agreement that included allegations of such a violation.

(4) The individual is subject to an agreement with the CFTC or a Self-Regulatory Organization that restricts the individual's ability to apply for registration with the CFTC or membership with such Self-Regulatory Organization.

(5) The individual is currently, or has been within the past three years, subject to revocation or suspension of CFTC registration, or has been convicted during that time of any felony described in Section 8a(2)(D)(ii)–(iv) of the Commodity Exchange Act.

(6) The individual is barred, denied, suspended, or otherwise disqualified from serving on a disciplinary panel, arbitration panel, or governing board of any self-regulatory organization, as such term is defined under Section 3(a)(26) of the Securities Exchange Act of 1934.

(7) The individual is subject to a statutory disqualification under Section 8a(2) of the Commodity Exchange Act.

(8) The individual is otherwise disqualified from service under CFTC Regulation 1.63, which is incorporated by reference.

(9) Any person who becomes ineligible under these criteria must promptly notify the Chief Executive Officer.

RULE 2.3: COMMITTEES OF THE BOARD

(a) The Board may establish committees as it deems necessary for the effective oversight and management of the Exchange. At a minimum, the Exchange shall maintain a Regulatory Oversight Committee. The Board shall appoint the members of each committee and designate a chairperson.

(b) Committees shall carry out the duties assigned to them by the Board and are responsible for supervising, managing, and controlling matters within their areas of responsibility. All such authority is exercised subject to the Board's ultimate oversight.

(c) Each committee shall determine the manner and form for the conduct of its business consistent with the authority granted by the Board. A quorum shall consist of a majority of the committee's members. No action may be taken without a quorum, and decisions shall be effective only upon either approval of the majority of those present at a duly convened meeting or by unanimous written consent.

(d) The Board shall maintain a Regulatory Oversight Committee as a standing committee composed solely of Public Directors, with no fewer than two Public Directors serving on the Regulatory Oversight Committee at all times. Members are appointed by the Board for one-year terms, may be reappointed, and continue to serve until a successor is named or until earlier resignation or removal.

The Regulatory Oversight Committee is responsible for overseeing the Exchange's regulatory program on behalf of the Board. To fulfill this role, the Board shall provide the Regulatory Oversight Committee with sufficient authority, resources, and time. The Regulatory Oversight Committee's responsibilities include:

(1) Monitoring the sufficiency, independence, and effectiveness of the Exchange's regulatory program;

(2) Overseeing market surveillance, trade practice reviews, audits, examinations, and other compliance functions relating to Market Participants, including investigations;

(3) Reviewing the regulatory budget and resources, including the number, hiring, termination, and compensation of compliance personnel;

(4) Supervising the Chief Regulatory Officer, Chief Risk Officer, Chief Compliance Officer and Enterprise Risk Officer, all of whom shall report directly to the Regulatory Oversight Committee on substantive compliance matters and to the Chief Executive Officer solely for administrative matters, as required by CFTC Regulations and as applicable;

(5) Preparing an annual report to the Board and the CFTC that evaluates the Exchange's regulatory program, including its expenses, staffing, structure, disciplinary actions, and performance of disciplinary functions;

(6) Recommending improvements to ensure the Exchange's regulatory program remains fair, vigorous, and effective;

(7) Appointing members to Disciplinary Panels as needed, ensuring that at least one such individual could qualify as a Public Director and meets composition requirements under Applicable Law; and

(8) Reviewing proposed and final regulatory changes and advising the Board regarding their potential impact on the Exchange's regulatory program.

(e) The Regulatory Oversight Committee may act only by majority decision. If at any time the Regulatory Oversight Committee consists of two members, action requires the unanimous agreement of both. The Board shall designate one member of the Regulatory Oversight Committee as its Chairperson, whose vote shall be decisive in the event of a tie.

RULE 2.4: OFFICERS

(a) The Exchange will be overseen by Officers appointed by the Board. At a minimum, these positions shall include a Chief Executive Officer, Chief Regulatory Officer, Chief Compliance Officer, Chief Risk Officer, Enterprise Risk Officer or individuals serving in roles with equivalent responsibilities. The Board may create additional Officer positions as needed, and the Chief Executive Officer may nominate other Officers, subject to Board approval.

(b) All Officers must satisfy the eligibility standards set forth for Directors in these Rules. An Officer may simultaneously serve as a Director (other than a Public Director) or employee of the Exchange or any of its Affiliates, provided that any potential conflicts of interest are fully disclosed and addressed in accordance with the Exchange's governance framework.

(c) Each Officer shall exercise such authority and perform such duties as are assigned by the Board, subject to limitations in the Exchange's Operating Agreement and these Rules.

(d) Each Officer is entitled to indemnification pursuant to the Operating Agreement and these Rules with respect to matters relating to the Company.

RULE 2.5: INDEMNIFICATION

The Exchange shall indemnify and hold harmless its Directors and Officers, to the fullest extent permitted by law, from and against any and all losses, claims, damages, liabilities, whether joint or several, expenses (including legal fees and expenses), judgments, fines and other amounts paid in settlement, incurred or suffered by such Director or Officer, as a party or otherwise, in connection with any threatened, pending or completed claim, demand, action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, arising out of or in connection with the business or the operation of the Exchange or by reason of their status as a Director or Officer, if (1) the Director or Officer acted in good faith and in a manner he or she reasonably believed to be in the best interests of the Exchange and, with respect to any criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful, (2) the Director's or Officer's conduct did not constitute intentional misconduct, gross negligence, knowing violation of the law or a material breach of any agreement with the Exchange and (3) the Director or Officer's conduct did not involve a transaction from which they derived an improper personal benefit.

RULE 2.6: CONFLICTS OF INTEREST POLICY

(a) The Exchange shall maintain and enforce a written Conflicts of Interest Policy and related procedures designed to identify, minimize, and manage conflicts of interest in connection with its governance, regulatory, and disciplinary functions.

(b) The Conflicts of Interest Policy shall apply to all members of the Exchange's Board, committees, subcommittees, disciplinary panels, employees, and any other body vested with decision-making authority on behalf of the Exchange.

(c) Employees of the Exchange are prohibited from trading for their personal accounts on the Exchange. Exceptions must be approved by the Regulatory Oversight Committee.

(d) The Exchange's Conflicts of Interest Policy shall be consistent with:

(1) CFTC Regulation 39.25, requiring clearing organizations to adopt and enforce rules that minimize conflicts, provide resolution processes, and address board-level conflicts;

(2) CFTC Regulation 38.850, which mandates that contract markets establish and enforce rules minimizing conflicts of interest in decision-making and provide processes for resolving them; and

(3) CFTC Regulation 1.69, requiring members of governing boards, disciplinary committees, and oversight panels to abstain from deliberations and voting where conflicts exist, including those arising from financial interests, business relationships, or family relationships with a named party in interest.

(e) The procedures for implementing the Conflicts of Interest Policy shall include, at a minimum:

(1) Disclosure requirements for Board and committee members to identify financial, professional, or personal relationships that may create conflicts of interest.

(2) Recusal and abstention requirements where conflicts of interest exist, including where a member is a named party in interest or holds a financial interest in a significant action.

(3) Procedures for determining conflicts, including review of information reasonably available to the Exchange.

(4) Documentation requirements, ensuring that recusals, abstentions, and conflict determinations are recorded in Company's books and records.

(f) No member of the Board, any committee or subcommittee of the Board, or any Disciplinary Panel shall participate in the deliberations or vote on any matter where such individual has a conflict of interest, including where such individual has a financial interest in the matter or has a relationship with a named party in interest. Any such individual shall promptly disclose the conflict to the Exchange and abstain from deliberations and voting with respect to the matter.

RULE 2.7: MATERIAL NON-PUBLIC INFORMATION

(a) The Exchange shall maintain and enforce a written policy, together with related procedures, governing the protection and use of material non-public information. This policy shall be consistent with CFTC Regulation 1.59, which restricts employees, directors, committee members, and consultants from using or disclosing such information except as required in the performance of their official duties.

(b) Members of the Board, committees, employees, and consultants of the Exchange may not use or disclose material non-public information obtained through their service or employment for any purpose other than carrying out their official duties.

(c) No individual subject to this Rule may trade, directly or indirectly, for the individual's own account or for the account of others, in any commodity interest on the basis of material non-public information obtained through their duties at the Exchange.

(d) Any person who inadvertently or otherwise comes into possession of material non-public information belonging to the Exchange must not disclose such information or use it as the basis for trading in any commodity interest.

(e) For purposes of this Rule, the terms "material information," "non-public information," and "commodity interest" shall have the meanings set forth in CFTC Regulation 1.59.

(f) Any director, officer, consultant, or employee of the Exchange who violates any provision of this Rule will be required to indemnify the Exchange for any losses, damages, or costs caused by that violation.

RULE 2.8: EMERGENCY AUTHORITY

(a) When an Emergency exists or is reasonably anticipated, the Exchange may act under this Rule to protect fair and orderly trading and the safe operation of its systems.

(b) The Board, the Chief Executive Officer, or an Officer designated by the Chief Executive Officer and approved by the Board may institute a temporary Emergency rule or direct Emergency action without prior notice to, or approval from, the CFTC. If initiated by an Officer rather than the Board, at least one additional Officer, other than the Chief Executive Officer, must be consulted before the temporary Emergency rule or Emergency action may be implemented. Such consultation must be documented in writing.

(c) “Emergency” includes, without limitation:

(1) Actual or attempted manipulation, disorderly trading, or other activity threatening the integrity of any Contract.

(2) Circumstances materially affecting the performance or settlement of Contracts traded on the Exchange.

(3) Governmental or Self-Regulatory Organization actions, or actions by any exchange, market, facility, or trade association, that directly impact trading on the Exchange.

(4) Severe adverse impacts on the Exchange’s physical or technological functions (e.g., natural disasters; terrorism or credible threats; power, network, communications, or trading-system failures; or other critical infrastructure disruptions).

(5) Situations where a Market Participant or other person cannot safely continue business with the Exchange without jeopardizing the Exchange or other Market Participants (including insolvency or legal restraints affecting performance on Contracts).

(6) Any circumstance that materially undermines the reliability or transparency of the underlying reference or settlement process for a Contract.

(7) Any other unusual, unforeseeable, and adverse condition that, in the judgment of the Board or the Chief Executive Officer or the designee of the Chief Executive Officer, requires immediate action to preserve fair and orderly trading or the proper functioning of the Exchange.

(d) During an Emergency, the Exchange may take any action reasonably necessary or appropriate to maintain or restore orderly trading, which may adversely affect the ability to trade, including but not limited to:

(1) Preventing Market Participants from opening new positions in any Contracts that do not offset existing positions or exposure.

(2) Modifying position limits, price limits, intraday restrictions, or Collateral requirements.

(3) Ordering liquidation of positions in any Contract.

(4) Fixing or adjusting a settlement price for a Contract.

(5) Changing a Contract’s terms, specifications, expiration date, or trading hours.

(6) Requiring Market Participants to reduce positions or exposure in specified Contracts.

(7) Suspending, halting, curtailing, or otherwise limiting trading in any or all Contracts.

(8) Cancelling a Contract and returning any funds paid to enter Trades on that Contract.

(e) A temporary Emergency rule may remain in effect for up to 30 business days, unless earlier modified or terminated. Any suspension, halt, or other Emergency action will be lifted as soon as the Chief Executive Officer or an Officer designated by the Chief Executive Officer determines the Emergency has sufficiently abated to allow normal operations.

(f) Consistent with CFTC Regulation 40.6, the Exchange will notify the CFTC of any temporary Emergency rule or Emergency action before implementation when practicable; if prior notice is not possible, the Exchange will notify the CFTC as soon as practicable and in no event more than 24 hours after implementation, modification, or termination. The Exchange will also explain how conflicts of interest were minimized and how effects on related or linked markets were considered.

(g) Individuals acting under this Rule remain subject to the Exchange’s Conflicts of Interest Policy requirements. If a conflict is identified for the Chief Executive Officer or the Chief Executive Officer’s designee, the Board will assume responsibility for the temporary Emergency rule or Emergency action.

(h) Whenever the Exchange adopts a temporary Emergency rule or takes an Emergency action, it will, with respect to such rule or action: (1) post a notice on its website, (2) notify Market Participants through the Exchange’s Application Programming Interface (“API”), and/or (3) notify Market Participants via email.

(i) The Exchange shall document its decision making and the reasons for any temporary Emergency rule implemented or Emergency action taken and will retain records consistent with Applicable Law and the Exchange’s recordkeeping policies.

(j) The Exchange shall promptly notify Commission staff of any significant market disruption affecting the Exchange’s Platform and shall provide timely information concerning the causes of the disruption and remediation efforts, as determined necessary by the Exchange and consistent with Applicable Law and CFTC Regulations.

RULE 2.9: INDEPENDENT AND CONCURRENT AUTHORITY OF RULES

All Rules authorizing the Exchange to act are independently and concurrently available. The Exchange's decision to act, or not act, under one Rule shall not limit, waive, or otherwise affect its authority to act under any other Rule, whether or not the circumstances could fall within the scope of multiple Rules.

RULE 2.10: RECORDKEEPING

(a) The Exchange shall keep, or cause to be kept, complete and accurate books and records of its accounts and activities, including all documentation required under the Commodity Exchange Act and CFTC Regulations. Records, including trade data and investigatory or disciplinary files, shall be maintained in accordance with CFTC Regulation 1.31 for at least five (5) years, with the first two years in a readily accessible location.

(b) All books and records shall be retained in a form and manner acceptable to the CFTC and consistent with the Commodity Exchange Act and CFTC Regulations, including requirements for electronic storage, indexing, and retrieval.

(c) Upon request, the Exchange shall provide to the CFTC, the Securities and Exchange Commission, the U.S. Department of Justice, or any prudential regulator as authorized by the CFTC, any information required under the Commodity Exchange Act and CFTC Regulations, in the form and manner such authorities require. This shall include any records relating to swaps as defined in Section 1a(47)(A)(v) of the Commodity Exchange Act that are open to inspection by the Securities and Exchange Commission.

(d) If the Exchange seeks or relies upon CFTC relief concerning swap data reporting, it shall comply with all applicable conditions, which may include:

  (1) Requiring relevant Contracts to be fully collateralized, as defined in CFTC Regulation 39.2;

  (2) Clearing such Contracts through a registered derivatives clearing organization where clearing is required;

  (3) Publishing promptly after execution, the timestamp, Contract identifier, quantity, and price for each Transaction;

  (4) Providing to the CFTC the transactional information described in CFTC Regulation 16.02;

  (5) Complying with all recordkeeping and reporting requirements applicable to a designated contract market, other than those specifically covered by such relief; and

(6) Keeping all required records open to inspection and providing copies upon request by the CFTC, Securities and Exchange Commission, Department of Justice, or a prudential regulator as authorized by the CFTC. Such copies shall be provided electronically, in hard copy, or both, except that records originally created and exclusively maintained in paper form may be provided in hard copy only.

RULE 2.11: INFORMATION-SHARING ARRANGEMENTS

(a) The Exchange may enter into information-sharing agreements, memoranda of understanding, or other arrangements with any Person or body, including a Regulatory Agency, when the Exchange determines such arrangements further its duties under these Rules or Applicable Law.

(b) As directed by the CFTC, the Exchange may provide information to a duly authorized foreign governmental authority pursuant to an information-sharing agreement or other arrangement executed with such authority or with the CFTC.

RULE 2.12: RECORDKEEPING AND REPORTING REQUIREMENTS

(a) If the Board rejects a recommendation or supersedes an action of the Regulatory Oversight Committee or the Chief Regulatory Officer, the Exchange shall document: (1) the recommendation or action; (2) the rationale for it; (3) the rationale of the Board for rejecting or superseding it; and (4) the alternative course of action adopted.

(b) The Exchange shall record and report to the CFTC all data required under Part 16 and Part 39 of the CFTC's Regulations, in the form and manner those regulations require.

(c) The Exchange shall maintain books and records identifying each Order submitted and each Transaction effected under these Rules, including the method of execution (e.g., central limit order book) for each such Order and Transaction, consistent with the Commodity Exchange Act and CFTC Regulations.

(d) Within thirty (30) days after each Board election, the Exchange shall submit to the CFTC a list of its Directors, the stakeholder interests they represent, and an explanation of how the composition of the Board satisfies CFTC Regulation 1.64(b) and these Rules.

(e) Where the Exchange relies on a CFTC letter or other form of relief concerning reporting or recordkeeping, the Exchange shall comply with all conditions of such relief and maintain records sufficient to demonstrate such compliance.

RULE 2.13: PUBLIC INFORMATION

(a) The Exchange shall publish accurate, complete, and current copies of these Rules and all Contract Specifications on its website. The Exchange shall exercise reasonable diligence to ensure the accuracy and completeness of such information.

(b) Except where confidential treatment is applied or as permitted under Part 40 of the CFTC's Regulations, the Exchange shall publish on its website a Notice for each new product listing, Rule adoption, Rule amendment, modification to Contract Specifications, or other material change, no later than the earlier of: (1) the effective date; or (2) the filing or submission of such change to the CFTC.

(c) If confidential treatment is requested for a filing to the CFTC, the Exchange shall publish on its website only the public version of that filing.

(d) Any Notice required by this Rule shall be deemed provided to all Market Participants and other relevant Persons when (1) posted on the Exchange website, (2) delivered by email to the address on file, or (3) through the API or other agreed electronic channel.

(e) At the close of each trading day, the Exchange shall provide to the Commission and publish on its website, as applicable:

  (1) For each listed Contract: settlement price, total trading volume, end-of-day open interest, and, where applicable, open, high, low, and close prices; and

  (2) A list of executed trades showing the Contract identifier, price (or price distribution, where applicable), quantity, and time.

RULE 2.14: REGULATORY SERVICES PROVIDER

The Exchange may enter into an agreement with a regulatory services provider ("RSP") to perform certain regulatory services on behalf of the Exchange. The Exchange shall ensure that any RSP has the capacity, resources, and expertise necessary to perform such services in a timely and effective manner.

Notwithstanding the foregoing, the Exchange shall at all times remain responsible for the discharge of its regulatory obligations under the Commodity Exchange Act and CFTC Regulations. The Exchange shall retain ultimate authority and responsibility for all regulatory decisions, including, but not limited to, determinations relating to trade cancellations, disciplinary proceedings, and the denial, limitation, or termination of access to the Platform for disciplinary or regulatory reasons.

The Exchange shall maintain appropriate oversight and supervision of any RSP and shall ensure that all regulatory services performed on its behalf are conducted in accordance with the Commodity Exchange Act, CFTC Regulations, and the Exchange's Rules.

RULE 2.15: ANTITRUST CONSIDERATIONS

Unless necessary or appropriate to achieve the purposes of the Commodity Exchange Act, the Exchange shall not: (a) adopt any rule or take any action that results in any unreasonable restraint of trade; or (b) impose any material anticompetitive burden on trading on the Exchange.

CHAPTER 3: MARKET PARTICIPANTS

RULE 3.1: ELIGIBILITY CRITERIA

(a) All Market Participants on the Exchange will be direct self-clearing Market Participants. No Market Participant may carry accounts for others, act as an intermediary, or serve as an introducing broker.

(b) To become a Market Participant, an applicant must:

(1) Be a Person.

(2) If an entity, be validly organized and in good standing in its jurisdiction of organization.

(3) Provide the Exchange with any information or documentation the Exchange deems necessary in order to verify identity, comply with applicable AML obligations or review any representations made to the Exchange.

(4) Maintain an account in the Market Participant's name with a U.S. Financial Institution to fund and receive funds from its Exchange account or use one of the acceptable funding methods as may be published by the Exchange on its website.

(5) Have operational capacity adequate to meet obligations arising from participation on the Exchange. A Market Participant that accesses the Exchange through Exchange-provided interfaces shall be deemed to satisfy this requirement.

(6) Not be subject to any economic or trade sanctions programs administered by OFAC or other relevant authority, and must not be listed on OFAC's List of Specially Designated Nationals and Blocked Persons.

(7) Affirm that:

(i) If a natural person, the applicant is old enough to enter into a legally enforceable contract.

(ii) The applicant has read, understands, and agrees to comply with the Exchange's Rules, Terms of Use, and Privacy Policy.

(iii) The applicant will only trade for itself and will not act on behalf of or carry the account of any other Person.

(iv) The applicant is not insolvent, nor subject to bankruptcy, receivership, or equivalent proceedings.

(c) The Exchange may, in its sole discretion, approve, deny, or condition any Market Participant application as the Exchange deems necessary or appropriate. If the Exchange determines that agreement to the Terms of Use was affirmed by any person other than the identified applicant, the Exchange may terminate the Market Participant's account and return any balances. Agreement to the Terms of Use constitutes agreement to be bound by the Exchange's Rules and policies.

(d) Upon approval, a Market Participant may:

(1) Maintain an Exchange account.

(2) Buy and sell Contracts using the funds in its Exchange account.

(3) View in real-time the best bids and offers, trading volume, and open interest for all Contracts.

(4) Access both secure and non-secure portions of the Exchange's website, as applicable.

(e) A Market Participant may not maintain more than one Exchange account, although the Exchange may permit multiple sub-accounts for a Market Participant.

(f) All funds deposited by a Market Participant shall constitute "Member Property" in accordance with CFTC Regulations.

(g) The Exchange will provide access to the Platform (including but not limited to the central limit order book) and related services in an impartial, transparent, fair, and non-discriminatory manner.

RULE 3.2: GENERAL OBLIGATIONS

(a) Each Market Participant must comply with these Rules, the Commodity Exchange Act, and applicable CFTC regulations.

(b) Market Participants must promptly respond to requests for information from the Exchange or any Regulatory Agency, and must cooperate fully in any investigation, audit, or proceeding. Such cooperation shall include providing the Exchange with access to information regarding the Market Participant's involvement in any market or activity that may impact the prices for a Contract. Each Market Participant must respond to any request for information from the Exchange or any Regulatory Agency within fifteen (15) calendar days of such request. Failure to do so constitutes a violation of these Rules.

(c) Each Market Participant consents to the Exchange sharing information about the Market Participant, including trading activity, with the CFTC, other Regulatory Agencies, or law enforcement authorities, or judicial tribunal, domestic or foreign, without notice to the Market Participant.

(d) Each Market Participant must keep its contact information and any other information provided to the Exchange current. Email addresses must be updated within 24 hours of a change, and all other information must be updated within five (5) days.

(e) Each Market Participant must immediately notify the Exchange upon becoming aware of:

(1) Suspension or denial of trading privileges by another regulated exchange or authority.

(2) Conviction, guilty plea, or plea of no contest to any felony, or misdemeanors involving fraud, theft, embezzlement, tax evasion, bribery, racketeering, misappropriation, or other financial misconduct.

(3) Regulatory proceedings or investigations that could materially affect eligibility.

(4) Bankruptcy, receivership, or inability to meet financial obligations as they come due.

(5) Any other material changes affecting compliance with Market Participant requirements.

(6) Association with any firm that was subject to regulatory proceedings before a governmental body or Regulatory Agency.

(7) Being a party to any investigation or proceeding, the resolution of which could result in suspension, denial of privileges, felony or misdemeanor convictions, or regulatory sanctions as described above.

(8) Information concerning any financial or business developments that may materially affect the Market Participant’s ability to comply with these Rules.

(f) Each Market Participant must maintain accurate books and records of its trading activity, including its activities in other markets that may impact the pricing of Exchange Contracts, and make them available to the Exchange upon request.

(g) A Market Participant is not required to maintain a minimum balance or to trade after initial funding.

(h) Each Market Participant is required to regularly review the “Notices” section of the Exchange’s website to remain aware of material changes to these Rules and other Notices that may affect its rights and obligations.

(i) Each Market Participant consents to the Exchange providing information related to Know-Your-Customer or Anti-Money-Laundering compliance to the

Exchange's banking partners and, where applicable, to any clearing or settlement providers utilized by the Exchange.

(j) The Exchange shall not condition access to the Platform or participation as a Market Participant on consent to the use of Proprietary Data or Personal Information for business or marketing purposes. The Exchange shall not use Proprietary Data or Personal Information for business or marketing purposes unless the Market Participant has clearly consented to such use. The Exchange may share Proprietary Data or Personal Information where reasonably necessary for regulatory purposes with the Commission, other Regulatory Agencies, designated contract markets, derivatives clearing organizations, or other registered entities. Nothing in this Rule prohibits the Exchange from disclosing Proprietary Data or Personal Information:

(1) As required by Applicable Law, regulation, or legal process;

(2) As the Exchange reasonably determines necessary in connection with litigation, investigations, or regulatory inquiries involving the Exchange;

(3) To directors, officers, employees, or authorized representatives of the Exchange within the scope of their duties;

(4) To third parties providing regulatory, operational, technology, or compliance services to the Exchange, provided such parties are subject to appropriate confidentiality obligations;

(5) To duly authorized representatives of the Commission or other Regulatory Agencies;

(6) With the consent of the Market Participant to whom the information relates;

(7) Pursuant to the terms of an information-sharing agreement or similar regulatory cooperation arrangement; or

(8) As otherwise permitted under Applicable Law or CFTC Regulations.

RULE 3.3: AUDIT TRAIL OBLIGATIONS

(a) Market Participants understand and agree that the ProphetX DCM has the authority to enforce its audit-trail and recordkeeping requirements through at least annual reviews of Market Participants subject to the ProphetX DCM's recordkeeping requirements, with additional reviews as warranted by risk factors such as trading volume, infrastructure complexity, or prior compliance history. Such reviews may include, but are not limited to: (1) reviews of randomly selected samples of front-end audit-trail data; (2) a review of the process by which user identifications are assigned and user-identification records are maintained; (3) a review of usage patterns associated with user identifications to monitor for violations of user-identification rules; and (4) reviews of account numbers and other required codes in trade records to test for accuracy and proper use.

(b) ProphetX DCM shall maintain a database of read-only audit-trail data and shall conduct at least annual audits comparing collected trade data against ProphetX DCM's trade records to ensure that ProphetX DCM is storing information sufficient to reconstruct trading activity.

(c) For those Market Participants who maintain their own audit-trail information, ProphetX DCM may conduct periodic audit-trail reviews to ensure that the Market Participant maintains accurate trading records in compliance with applicable CFTC regulations. Reviews shall include examination of User ID assignment and usage, account number accuracy, data completeness, and timestamp integrity. Any deficiencies identified by ProphetX DCM shall be remediated in a timely manner. Recurring or material deficiencies may be subject to sanctions up to and including fines or cancellation of access. Minor, non-substantive deficiencies are subject to the Summary Fine Schedule under Rule 11.10.

(d) Market Participants who submit orders solely through ProphetX DCM -provided interfaces or functionality shall be deemed to satisfy ProphetX DCM's audit-trail and recordkeeping requirements with respect to orders entered on the Platform, including all order modifications and cancellations, and trades executed on the Platform. Nothing in this Rule limits or supersedes any independent recordkeeping obligations applicable to a Market Participant under the Commodity Exchange Act or CFTC Regulations, including Regulations 1.31 and 1.35. Market Participants that use third-party or proprietary order-entry systems, direct connectivity, or other functionality that generates independent audit-trail data remain responsible for maintaining such records in compliance with applicable requirements and are subject to periodic review by ProphetX DCM.

(e) ProphetX DCM shall maintain an electronic transaction history database as part of its audit trail program. This database shall include a complete history of all trades executed on the Platform and all orders entered into the Platform, including all order modifications and cancellations. To ensure ProphetX DCM can accurately track an Order from the time of receipt through fill, allocation, or other disposition, the transaction history database shall capture and retain: (1) all data input into the trade entry or matching system for the transaction to match and clear; (2) the applicable Market Participant type indicator code; (3) timing and sequencing data adequate to reconstruct trading, including date and time captured to the nearest thousandth of a second; and (4) identification of each account to which fills are allocated.

(f) ProphetX DCM's audit trail program shall include an electronic analysis capability with respect to all audit trail data maintained in the transaction history database. This electronic analysis capability shall provide ProphetX DCM with the ability to reconstruct trading and identify possible trading violations and market abuse. To achieve this, ProphetX DCM utilizes automated surveillance systems and analytics tools that ingest data from the transaction history database to conduct real-time and next-day market surveillance, generate exception alerts, and enable full reconstruction of order and execution lifecycles.

(g) ProphetX DCM‘s audit trail program shall include an electronic analysis capability with respect to all audit trail data maintained in the transaction history database. This electronic analysis capability shall provide ProphetX DCM with the ability to reconstruct trading and identify possible trading violations. To achieve this, ProphetX DCM utilizes automated surveillance systems and analytics tools that ingest data from the transaction history database to conduct real-time and next-day market surveillance, generate exception alerts, and enable full reconstruction of order and execution lifecycles.

RULE 3.4: DENIAL, LIMITATION, OR TERMINATION OF MARKET PARTICIPATION

(a) The Exchange may deny, suspend, revoke, limit, or condition a Market Participant’s or Authorized Trader’s privileges to access the Exchange if a Market Participant enters into a state of Default, or otherwise in its sole discretion.

(b) Written notice will be provided stating the basis for such action.

(c) A denied applicant or a Market Participant whose privileges have been limited or restricted by the Exchange may petition for review within 28 business days.

(d) In connection with a petition for review under paragraph (c), the Exchange may, in its discretion, schedule a hearing (in person or by teleconference), request additional information from the Market Participant, or establish any other process that it believes is necessary or appropriate to consider the petition. Following its review, the Exchange will issue a final determination, which is not subject to further appeal.

(e) A denied applicant may not reapply for 6 months.

(f) The Exchange may, in its sole discretion, transfer a Market Participant’s account balance to the bank account of record in connection with a limitation or restriction of privileges.

(g) The Exchange may, in its sole discretion, limit or restrict a Market Participant or Authorized Trader from trading in specific Contracts or categories of Contracts in order to mitigate risks of market manipulation or other violations, to prevent a Market Participant from assuming excessive exposure, or where information made available to the Exchange indicates that participation in certain Contracts or markets by that Market Participant would be inconsistent with maintaining fair and orderly markets.

(h) The notice and review provisions of this Rule do not apply where the denial, restriction, or limitation is based on failure to satisfy objective and baseline eligibility criteria applicable to all applicants, including but not limited to identity verification or the designation of Authorized Traders.

(i) A Market Participant or Authorized Trader whose Exchange access privileges are terminated remains bound by these Rules for activity conducted while a Market Participant or Authorized Trader.

RULE 3.5: COMMUNICATIONS BETWEEN THE EXCHANGE AND MARKET PARTICIPANTS

(a) Market Participants must provide the Exchange with a current email address and promptly review all communications from the Exchange, including email and other forms of electronic communication.

(b) The Exchange may communicate with Market Participants by email, website postings, other forms of electronic communication including text messages, or API notifications.

(c) The Exchange may record conversations and retain electronic communications with Market Participants in accordance with Applicable Law. The Exchange will retain such records for periods required by CFTC Regulation 1.31, or longer if the Exchange deems appropriate.

RULE 3.6: EXCHANGE FEES AND ADJUSTMENTS

(a) Market Participants are not required to pay dues.

(b) The Exchange may charge fees for trading, settlement, and account activity. Such fees will be published on the Exchange's website.

(c) The Exchange may deduct any applicable fees directly from a Market Participant's account.

(d) Fee structures will be applied in a fair, transparent, and non-discriminatory manner.

(e) If the Exchange determines to impose dues or additional fees, Market Participants will be provided notice of the change at the time the amended fees are filed with the CFTC. The new fee structure will be implemented no earlier than the first available trade date for which the change may be implemented in accordance with CFTC Regulation 40.6(a).

(f) The Exchange may establish incentive programs to encourage market participation and trading.

(g) The Exchange may credit or debit a Market Participant's account to reflect administrative adjustments, including but not limited to Order or Trade cancellations, Settlement Value adjustments, ledger corrections, refunds of transfer fees, or incentive program payments.

CHAPTER 4: ACCESS AND TRADING

RULE 4.1: EXCHANGE ACCESS

(a) During the onboarding process, an applicant seeking to become a Market Participant will be assigned or required to select unique Credentials. The applicant must enter the Credentials to access secure portions of the Platform. Each time the applicant submits its Credentials, the applicant affirms that it understands and agrees to be bound by these Rules and other policies of the Exchange.

(b) Upon approval, the Exchange will notify the applicant of its designation as a Market Participant. As a Market Participant, such Person may access the Platform, enter Orders, execute Trades, and otherwise access information regarding, or perform functions in, such Person's account using that Person's Credentials.

(c) For account security and audit-trail purposes, each Market Participant agrees that the Exchange may maintain logs of IP addresses used to access the Exchange website.

(d) Each Market Participant is responsible for protecting its Credentials from improper disclosure and may not knowingly or negligently permit any Person not authorized by the Exchange and by the Market Participant to use such Credentials. Each Market Participant must immediately notify the Exchange if it knows, or has reason to believe, that its Credentials have been disclosed to any Person not so authorized.

(e) Each Market Participant is liable for all costs and any losses it incurs from any activity engaged in on or through the Platform, including Trades executed on the Platform by any Person, authorized or not, using the Market Participant's Credentials. The Exchange shall not be responsible for unauthorized Trades in a Market Participant's account.

(f) Each Market Participant is responsible for contracting with an internet service provider through which it will access the Exchange and for maintaining connectivity adequate for its needs, including any backup connectivity it deems necessary. The Exchange is not responsible for orders delayed or Trades missed or not executed in a timely manner due to the failure of the Market Participant's internet service provider or slowness of its internet connection. No communication from a Market Participant will be deemed received by the Exchange until logged by the Exchange's servers.

(g) The Exchange, in its discretion, may place a Market Participant's account on hold (prohibiting any Order activity) or on hold-liquidation-only (allowing only Orders to liquidate existing positions). In such circumstances, the Exchange will promptly notify the affected Market Participant of the nature of and reason for the action.

RULE 4.2: AUTHORIZED TRADERS

(a) If a Market Participant is an entity, it must designate one or more Authorized Traders to conduct trading on the Platform on its behalf. An Authorized Trader who is also a Market Participant in an individual capacity may not knowingly act as a counterparty to any Order he or she has placed on behalf of another Market Participant.

(b) Authorized Traders are bound by all Exchange Rules. They must:

(1) Ensure compliance with Exchange Rules for all Orders submitted. Authorized Traders must have the authority, at the Exchange's request, to adjust or withdraw any Order submitted under their unique identification code.

(2) Use only their assigned unique identification codes. Each Order message submitted must include the Authorized Trader's unique identification code.

(3) Be authorized by the Market Participant and satisfy any Exchange criteria for approval.

(c) An Authorized Trader must notify the Exchange prior to becoming a Market Participant, and a Market Participant must notify the Exchange prior to designating or acting as an Authorized Trader.

(d) Market Participants that are entities must maintain and keep current the list of individuals holding Authorized Trader unique identification codes who are authorized to trade on behalf of the entity on the Platform, and must notify the Exchange of any additions or deletions to the list within ten (10) days. Failure to maintain a current list, or any unauthorized use of Authorized Trader unique identification codes, constitutes a violation of these Rules and may result in disciplinary action.

RULE 4.3: TRADING ON THE PLATFORM

(a) The Contracts listed on the Exchange are governed by their Contract Specifications, including settlement methodology, valuation sources, and any applicable expiration or settlement time. The Exchange will not list any Contract that is prohibited by Applicable Law.

(b) Market Participants may establish positions in a Contract by submitting Orders that match against contra Orders in that Contract.

(c) Prior to entering an Order, the Market Participant must log in using its Credentials. Each Order must contain: (1) Order side as applicable (buy or sell); (2) Contract identifier(s), including symbol and, where applicable, expiration or settlement date/time; (3) quantity; (4) price; (5) account identifier; and (6) any other information required by the Exchange.

(d) Order-rate limiter functionality may cap the maximum number of messages per second (or per a specified period) per Authorized Trader and/or per Market Participant to prevent risk to the Exchange. Any Market Participant submitting Orders or other messages (including cancels/modifications), whether manually or via automation, must have adequate controls to prevent excessive messaging or other activity detrimental or disruptive to the Exchange.

(e) The Exchange will keep an electronic record of all Orders and all executed Trades. Records will include all terms identified in paragraph (c) and the date and time captured to the nearest thousandth of a second for every Order, and the Market Participant's Credentials and completion time to the nearest thousandth of a second for every executed Trade.

(f) The Platform's central limit order book matches Orders in an open and competitive manner using price-time priority. Orders at better prices execute before inferior prices; at the same price, earlier time priority executes before later time priority.

(g) Orders will be filled at market or, as applicable, on an "or better" basis, where: a buy Order priced above the best Offer will execute at the better Offer prices available up to the Order's limit price; a sell Order priced below the best bid will execute at the better bid prices available up to the Order's limit price; and if partially filled, the remainder rests at its limit price. Execution may, however, vary from the foregoing in circumstances of market volatility, limited liquidity, system constraints, variations in execution logic, or conditions beyond the control of the Exchange.

(h) A written record of each Trade will be available immediately upon execution on the Market Participant's activity page and via API/website/mobile (if online). If not online, the Market Participant will see the confirmation when next logged in.

(i) A Contract will not be void, voidable, subject to rescission, or otherwise invalidated or rendered unenforceable due to: (1) any violation by ProphetX DCM of sections 5 of the Commodity Exchange Act or Part 38 of the CFTC's Regulations; (2) any CFTC proceeding under Commodity Exchange Act sections 8a(7) or 8a(9); or (3) any other proceeding the effect of which is to alter or supplement a specific term, condition, or trading rule, or that requires the Exchange to adopt or refrain from adopting a specific rule or action.

(j) The Exchange may apply a time delay to the entry of Orders submitted after the underlying event has commenced, subject to the following:

(1) Any time delay shall occur before an Order is entered into the central limit order book for matching. An Order subject to a time delay may not be modified or cancelled during the delay period.

(2) Once an Order has been entered into the central limit order book, it may be modified or cancelled without any further time delay.

(3) The length of any time delay may vary by sport, tournament, or Contract, and may be zero. The applicable time delay shall be published on the Exchange's website or within the Platform and may be modified from time to time, with notice provided in the same manner.

(4) Any time delay shall be applied uniformly to all Market Participants trading the applicable Contract.

RULE 4.4: RFQ SYSTEM

(a) A Market Participant may use the Platform’s RFQ system to solicit Quotes from other Market Participants. Each RFQ must include: (1) the Contract identifier; (2) the size of the quote, expressed in number of Contracts or total cost; and (3) the required Credentials assigned by the Exchange to the Requester, which shall remain consistent across RFQs.

(b) Any Market Participant may respond to an RFQ with a Quote, which must state both a bid and offer price for the requested size, and must include the Quoter’s unique Credentials. Quotes are visible only to the Requester.

(c) A Requester may accept all or part of a Quote, provided the Requester has sufficient Collateral and the acceptance would not breach position limits. The Quoter shall have such time as the ProphetX DCM may specify to confirm a Quote for a Transaction.

(d) Upon Quote confirmation, a timer will begin, the length of which shall be determined by ProphetX DCM and may vary in stressed market conditions. At the end of the timer, the Platform will sequentially enter Orders for the Quoter and Requester into the central limit order book with time priority as of entry. For purposes of order entry following expiration of the RFQ timer, the Platform will first enter the Quoter’s Order into the central limit order book and thereafter enter the Requester’s Order into the central limit order book, with each Order receiving time priority as of the time of entry.

(e) During the timer, no public indication is given of incoming Orders. The timer is visible only to the Quoter and Requester.

(f) Market Participants may only use RFQs and Quotes for bona fide trading purposes. No Person may disclose RFQ communications to others or act on RFQ information except in accordance with this Rule.

(g) The Exchange shall maintain records of all RFQs, Quotes, Quote confirmations, and Transactions arising from the RFQ system as part of the Exchange’s electronic audit trail and transaction history database. Such records shall include the applicable Contract identifier, the identities of the applicable Requester and Quoter, the date and time of each RFQ, Quote, Quote confirmation, and Transaction, captured to the nearest thousandth of a second, the applicable quantity and pricing information, and any other information necessary to reconstruct RFQ activity and related Transactions in accordance with Applicable Law, the Commodity Exchange Act, and CFTC Regulations, including CFTC Regulation 38.256.

RULE 4.5: ORDER ENTRY, MODIFICATION, AND CANCELLATION

(a) A Market Participant enters Orders by electronic transmission over the Internet. Once an Order is accepted by the Exchange, the Exchange assigns an Order ID, which appears on the Market Participant's Order Entry Record. The Market Participant is responsible for all Orders confirmed for its account and accepted by the Exchange.

(b) Any Order may be modified or cancelled until it has been executed. ProphetX DCM will attempt to cancel an Order as soon as possible after receiving a valid cancellation instruction; however, an Order may be executed before cancellation is processed. A Market Participant may cancel only the unfilled portion of a partially filled Order.

(c) Each Market Participant is solely responsible for verifying the accuracy of any Order submitted to the Exchange. The Exchange accepts no responsibility for errors in submission of Orders or for a Market Participant's external positions, strategies, or arbitrage activity involving other trading platforms or markets.

RULE 4.6: TRADE CANCELLATIONS AND ERROR TRADES

(a) The Exchange may, in its sole and absolute discretion, review any Trade or Trades and adjust prices, cancel, void, resettle, or otherwise modify such Trades as necessary to maintain market integrity, correct errors, respond to extraordinary circumstances, or remedy malfunctions on the Platform or in external systems or data feeds.

(b) ProphetX DCM may review a Trade based on its own analysis or upon a timely request by a Market Participant or third party. A request must be received no later than fifteen (15) minutes after execution of the Trade and before any applicable final settlement or expiration, provided, however, that the ProphetX DCM may, in its sole discretion, apply such other period or accept a request received after the fifteen (15) minute period. ProphetX DCM will promptly determine whether the Trade is subject to review and, if so, will post notice that the Trade is under review.

(c) [Reserved]

(d) During review, ProphetX DCM will determine a fair market value for the Contract at the time of the questioned Trade using prevailing market data and any other relevant information. A range equal to fifteen percent (15%) above and below Fair Market Value (the "No-Cancellation Range") will generally be applied, subject to a Contract's specific terms and conditions. Trades within the No-Cancellation Range will not be cancelled or adjusted; Trades outside the No-

Cancellation Range may be cancelled or adjusted at ProphetX DCM’s sole discretion.

(e) ProphetX DCM may consider subsequent Trades between the counterparties when determining adjusted values in order to ensure fair and equitable outcomes.

(f) Erroneous Trades between Market Participants who have been granted access to advanced API functionality may, in ProphetX DCM’s sole discretion, qualify as extraordinary circumstances under this Rule if caused by an automated trading malfunction despite reasonable safeguards.

(g) Without limitation, ProphetX DCM may cancel, resettle, modify, or adjust a Trade where it determines, in its sole discretion, that:

(1) The price was materially inconsistent with prevailing market conditions at the time;

(2) Incorrect participants, identifiers, selections, or terms were used;

(3) The Trade was entered after the underlying occurrence was already determined;

(4) A technical, connectivity, or data-feed malfunction occurred;

(5) Mispricing resulted from human or system error, including fat-finger entries;

(6) Suspicious, manipulative, collusive, or abusive conduct is suspected; or;

(7) Any circumstance rendered the terms egregiously mistaken or unfair.

(h) All determinations made by the Exchange under this Rule are final and binding on all Market Participants. The Exchange will (1) notify interested Market Participants and (2) may publish its decision on the Exchange’s website. Participants shall have no claim against the Exchange or other Market Participants with respect to any cancellation, adjustment, modification, or resettlement made under this Rule.

(i) The Exchange will document all review requests, the review steps taken, outcomes, and any action(s) taken in response, including its resolution.

(j) Any attempt to misuse or abuse the Exchange’s error, cancellation, or review processes may result in sanctions, including suspension or closure of an account, in addition to any other actions permitted under these Rules.

RULE 4.7: DISPUTED ORDERS (SYSTEM REVIEWS)

(a) If a Market Participant believes an Order was incorrectly executed or rejected by the Platform, the Market Participant may request a review by providing the Order's confirmation number and the grounds for the dispute. A request must be received no later than fifteen (15) minutes after execution or rejection and before any applicable final settlement or expiration.

(b) Upon receipt, ProphetX DCM will review its electronic audit trail to determine whether the trading system correctly interpreted and executed or rejected the Order.

(c) If ProphetX DCM determines that the trading system made a mistake, ProphetX DCM will cancel the affected Trade and restore all relevant accounts to their state immediately prior to execution.

(d) If ProphetX DCM determines that the system did not err, ProphetX DCM will inform the requesting Market Participant of its determination, provide supporting evidence, and state that no adjustment will be made.

(e) A Market Participant may appeal a determination under paragraph (d) to an Exchange Compliance Officer via the address provided on the Exchange website. The appeal must respond to the evidence provided under paragraph (d). The Compliance Officer will decide the appeal no later than ten (10) business days after receipt, and that decision will be final.

(f) ProphetX DCM will document all review requests, the review steps taken, outcomes, and any actions in response, including any appeal and its resolution.

(g) The Exchange's books and records, including the electronic audit trail, shall be the final and conclusive evidence of all Transactions and system handling determinations under this Rule.

RULE 4.8: HOURS OF OPERATION

Market Participants may place Orders at all times outside of maintenance windows. At launch, the Exchange anticipates that trading on the Platform will generally be available twenty-four (24) hours per day, seven (7) days per week, except during scheduled maintenance windows, Emergency actions taken pursuant to Rule 2.8, or other periods where trading is suspended, halted, or limited pursuant to these Rules or Applicable Law. Maintenance windows will be announced in advance by the Exchange other than unscheduled maintenance, which will be announced by the Exchange as soon as practicable. Such announcements will be published on the Exchange's website.

RULE 4.9: MARKET DATA VISIBILITY

(a) ProphetX DCM will, at all times, allow Market Participants to view the current best bid and offer, open interest, trade volume, and order-book depth.

(b) An acknowledgement of each executed Trade will be made available to the Market Participant that opened the position resulting from such Contract.

RULE 4.10: OFFSETTING EXPOSURES AND POSITIONS AND FUNDS TREATMENT

(a) A Market Participant may hold offsetting exposures or positions in the same Contract series, as permitted by the Contract Specifications and these Rules. If a Market Participant enters into a Transaction that results in offsetting positions prior to final settlement or expiration, funds previously debited for worst-case exposure will be returned to the Market Participant's account consistent with paragraphs (b) and (c).

(b) Upon execution of a Trade that closes or offsets a position, the Exchange will: (1) recognize the offsetting position(s) in the Market Participant's account; (2) compute and recognize gains and release any previously debited funds not needed to cover losses on the position(s); and (3) credit those amounts to the Market Participant's account.

(c) Where offsetting positions generate gains prior to final settlement or expiration, such gains may be credited in a restricted manner and usable only for additional trading in the same Contract until final settlement or expiration. Upon completion of final settlement or expiration, any such restricted credits will be fully released to the Market Participant's account. This restriction protects the Exchange in circumstances where a Transaction is cancelled or modified prior to final settlement.

(d) All Contracts cleared by ProphetX DCO that have the same terms and conditions, as specified in the applicable Contract Specifications, are economically equivalent within ProphetX and may be offset with each other in accordance with this Rule.

RULE 4.11: HANDLING AND PROTECTION OF ORDERS

(a) All trading on the Platform's central limit order book is fully anonymous.

(b) It is a violation of this Rule for any Person to disclose another Person's Order except as permitted under these Rules, requested by the Exchange or the Commission, or as otherwise required by law.

RULE 4.12: PROHIBITED TRANSACTIONS AND ACTIVITIES

(a) Market Participants are prohibited from entering Orders if there are insufficient funds in the Market Participant's account to satisfy such Orders if executed.

(b) No Person shall enter into, or attempt to enter into, any non-competitive trade, including accommodation Trades, wash sales, fictitious sales, or Trades that are directly or indirectly prearranged, except as otherwise expressly permitted by the

Exchange. Such prohibited activity includes wash trading, accommodation trading, pre-arranged trading (except where specifically permitted under these Rules), improper cross trading, and any transaction that negates a genuine change in beneficial ownership.

(c) No Person shall enter into any Trade that does not result in a change in beneficial ownership, is designed to inflate volume, circumvents exposure to open and competitive bidding, or otherwise has an illegitimate purpose.

(d) No Person shall enter any Trade designed or used to cause a price other than a true and bona fide price to be reported, registered, or recorded by the Platform. No Person shall engage in fraudulent trading or any transaction or practice that results in a false or misleading appearance of trading activity, liquidity, or market conditions.

(e) Without limiting any proscribed activity under this Rule, prohibited activity includes:

(1) Demonstrating intentional or reckless disregard for orderly execution during the closing period of trading;

(2) Entering bids or offers with no intent to execute (“spoofing”);

(3) Engaging in activity designed to accomplish a “money pass”;

(4) Trading ahead of Orders of another Person where such activity is prohibited under Applicable Law or where the Person owes an agency-like duty to another Person;

(5) Any other activity that involves manipulation or attempts to manipulate in violation of the Commodity Exchange Act, including Sections 6(c) and 9(a)(2), or CFTC Regulations; and

(6) Violating bids or offers.

(f) Positions may not be transferred, assigned, or otherwise disposed of except as provided in these Rules or as directed by the Exchange under applicable Rules (including Emergencies). Off-Exchange transfers are prohibited absent an Exchange-approved process. Notwithstanding the foregoing, non-competitive transfers on the books of the Exchange between accounts with no change in beneficial ownership are permitted between entities that are 100% owned by the same Person and between a Person and an entity 100% owned by such Person.

(g) A Market Participant who possesses material non-public information related to a Contract’s underlying, Settlement Value, benchmark, reference data, or other valuation component, or who can directly or indirectly influence any such component, is prohibited from entering or attempting to enter positions in that Contract. Employees and affiliates of any reference-data provider, benchmark administrator, or other pricing/settlement source identified in the Contract Specifications are prohibited from trading in Contracts that use such source(s), regardless of whether they possess material non-public information.

(h) In connection with any Contract traded on the Exchange, no Person shall, directly or indirectly, intentionally or recklessly: (1) employ any manipulative or deceptive device or contrivance; (2) make any untrue or misleading statement of material fact or omit a material fact; (3) engage in any act, practice, or course of business that operates as a fraud or deceit; (4) deliver or cause to be delivered, or attempt to deliver or cause to be delivered, any false, misleading, or inaccurate report or information concerning market conditions or information affecting the price of any commodity or Contract; or (5) engage in any activity creating unnecessary volatility.

(i) No Person shall engage in any conduct or practice inconsistent with just and equitable principles of trade or detrimental to the best interests or integrity of the Exchange or its systems. No Person shall engage in any manipulative, disruptive, or abusive trading practice prohibited by the Commodity Exchange Act (including Section 4c(a)(5)), CFTC Regulations, or these Rules.

(j) A Market Participant may not trade for a personal or proprietary account while knowingly holding at the same price or better any executable Order entrusted to it by another Person where the Market Participant owes an agency-like duty under Applicable Law or the Terms of Use.

(k) No Market Participant shall enter an Order for a personal or proprietary account in a manner that constitutes “front-running,” as defined by the CFTC.

(l) No Person shall create a false appearance of partnership, agency, employment, or affiliation with the Exchange, nor unlawfully solicit funds for deposit with the Exchange.

RULE 4.13: FUNDING INTEGRITY

(a) No Market Participant may deposit funds into its Exchange account from an account which does not hold sufficient funds at the time of deposit and at the time of presentment.

(b) No Market Participant may make a false representation to a third party regarding any deposit into its Exchange account that results in a chargeback or stop-payment.

(c) No Market Participant may allow its Exchange account balance to become negative. Any account that remains negative for thirty (30) or more calendar days may be declared to be in Default and summarily terminated, in addition to any other action the Exchange deems appropriate.

(d) A Market Participant may not deposit funds into its Exchange account from any bank, credit, debit, or other payment account not held in the same legal name as the Exchange account, except as otherwise expressly permitted by the Exchange.

RULE 4.14: POSITION LIMITS AND POSITION ACCOUNTABILITY

(a) ProphetX DCM may establish position limits for any Contract. Where applicable CFTC position limits exist under Part 150 of the CFTC's Regulations, ProphetX DCM limits will be no higher than those limits. The maximum position for any Contract subject to limits will be set forth in the relevant Contract Specifications.

(b) ProphetX DCM may, but is not required to, establish exemptions from position limits for one or more Contracts. Upon application by a Market Participant, ProphetX DCM may, in its discretion, grant exemptions and may impose terms, conditions, or alternate limits. ProphetX DCM may modify or revoke an exemption at any time for cause.

(1) A Market Participant seeking an exemption must apply on forms required by ProphetX DCM and provide any supplemental information requested by the Exchange's Compliance Department.

(2) As a condition of any exemption, the Market Participant must:

(A) Describe the exemption sought and the underlying exposure;

(B) Promptly provide, upon request, financial or position information;

(C) Comply with all terms, conditions, or limitations imposed by ProphetX DCM;

(D) Affirm that it understands that any exemption may be modified or revoked at any time for cause; and

(E) Submit supplemental updates whenever there is a material change to prior application information.

(3) Exemptions may include, but are not limited to:

(A) Bona fide hedging transactions or positions that are economically appropriate to the reduction of risk in the conduct and management of a commercial enterprise; and

(B) Spread positions, including intra-market, inter-market, intra-commodity, and inter-commodity spreads.

(c) Positions will be aggregated in accordance with CFTC Regulation 150.4. Upon application, ProphetX DCM may grant relief consistent with exemptions available under Regulation 150.4(b).

(d) ProphetX DCM may establish position accountability levels and require any Market Participant that owns or controls a position that exceeds such levels to provide information regarding the nature and size of such position, trading strategy, hedging rationale, or other requested information relating to the position, and may order that a position above an accountability threshold not be increased or that it be reduced.

(e) Failure to reduce any position as directed may result in Exchange-directed liquidation to a level below the applicable limit or accountability level, and may result in disciplinary action. Violations are subject to the Exchange's disciplinary procedures under Chapter 11, including sanctions including suspension or termination of Exchange access.

  (1) A first violation of a position limit or accountability requirement may, at the Exchange's discretion, result in a written warning.

  (2) Any subsequent violation of a position limit or accountability requirement within 12 months of a warning shall result in the initiation of formal disciplinary proceedings in accordance with Chapter 11 of these Rules.

RULE 4.15: CONTRACTS NOT READILY SUSCEPTIBLE TO MANIPULATION

ProphetX DCM shall not list any Contract that is readily susceptible to manipulation. The Exchange shall comply with Core Principle 3 of Section 5(d) of the Commodity Exchange Act and CFTC Regulation 38.200, which are incorporated herein by reference.

RULE 4.16: CASH-SETTLED CONTRACTS ONLY

ProphetX DCM will list only fully collateralized, cash-settled Contracts. No Contract listed on ProphetX DCM shall provide for physical delivery of any commodity. All Contracts shall settle in cash based on the applicable Settlement Value as specified in the relevant Contract Specifications.

CHAPTER 5: CLEARING AND SETTLEMENT

RULE 5.1: CLEARANCE

(a) ProphetX DCO in its capacity as a registered derivatives clearing organization will serve as the clearing party to all Orders matched pursuant to this Chapter 5.

(b) All Market Participant positions are fully collateralized. No Market Participant may establish or maintain a position that would create an exposure greater than the funds deposited in its Exchange account.

(c) As all Contracts are fully collateralized, ProphetX DCO will not maintain a clearing fund, nor require contributions from Market Participants.

(d) Upon the successful matching of Orders, ProphetX DCO will immediately, through the process of novation, be substituted as seller to the buyer and buyer to the seller. The original counterparties are released from their obligations to each other and will be deemed to have transacted with ProphetX DCO, and ProphetX DCO will have all the rights and be subject to all the liabilities with respect to such Transaction. Novation is effective in law for all purposes.

(e) If a Trade is rejected for clearing by ProphetX DCO for any reason, such Trade is void ab initio.

(f) Prior to executing any Order, ProphetX DCO will confirm that the Market Participant maintains sufficient Collateral in its Exchange account to fully collateralize the potential resulting position(s). An Order will not be accepted if sufficient Collateral is not available.

(g) A Contract position shall not be deemed created until ProphetX DCO has accepted the Trade for clearing.

(h) ProphetX DCO will maintain, on its systems, a record of all Market Participant balances and positions. ProphetX DCO will also maintain a Market Participant account reflecting the funds used by Market Participants to open and maintain positions in Contracts. The Exchange may maintain a proprietary account, which shall be credited with all fees debited from Market Participant accounts due to Trades and settlements.

(i) Upon acceptance of a swap by ProphetX DCO for clearing: (i) the original swap is extinguished; (ii) the original swap is replaced by an equal and opposite swap between ProphetX DCO and each Market Participant, with each Market Participant acting as principal; and (iii) all terms of a cleared swap must conform to the product specifications established under these Rules.

(j) Trades executed competitively on the Platform shall be accepted or rejected by ProphetX DCO for clearing as quickly after execution as would be technologically practicable if fully automated systems were used. ProphetX DCO accepts and rejects Trades for clearing through fully automated systems.

RULE 5.2: SETTLEMENT OF CONTRACTS

(a) Settlements and related debits or credits are final, irrevocable, and unconditional once effected; provided, however, that the Exchange may, in its sole discretion, reverse, amend, or resettle a settlement if a Settlement Disruption occurs.

(b) A Settlement Disruption means any circumstance that materially affects the accuracy, reliability, or integrity of settlement. Settlement Disruptions include, but are not limited to, errors, technical or human mistakes, data discrepancies, cancellations, postponements, alterations, technical failures, force majeure events, or other comparable events.

(c) ProphetX DCO will determine the Settlement Value of any Contract, in its sole discretion, based on information it deems reliable. If a Settlement Disruption prevents the determination of a Settlement Value, ProphetX DCO may, in its sole discretion:

(1) Use the last traded price of the Contract as the basis for allocating Settlement Value;

(2) Delay settlement;

(3) Void or cancel affected Contracts;

(4) Interpret the Contract's terms and conditions where ambiguity exists or where the Expiration Value or payout criterion cannot be determined with certainty; or

(5) Take such other action as it deems appropriate under these Rules.

(d) In no case shall the combined payout across positions exceed the stated maximum Settlement Value of the Contract.

(e) The Exchange's records are conclusive as to all settlement determinations and related account adjustments.

(f) All determinations made by the Exchange under this Rule are final and not subject to appeal.

CHAPTER 6: DEPOSITS AND WITHDRAWALS

RULE 6.1: DEPOSITS

(a) Deposits must be initiated through a Market Participant's designated bank account or through other means as may be determined by the Exchange from time to time. Deposits are available for credit to the Market Participant's Exchange account upon receipt.

(b) Each Market Participant is responsible for all transfers of funds from its designated bank account to its Exchange account.

(c) Deposits may be made through the Platform linked to approved payment processors or money transmitter services, by direct transfer to ProphetX DCO's designated Settlement Bank, or by other methods authorized by the Exchange. Funds shall be available for use in connection with trading privileges no later than the next Settlement Bank business day after receipt.

(d) Market Participants should refer to the Fee Schedule published on the Exchange's website for all fees and costs, if any, associated with the deposit of funds to their Exchange account.

RULE 6.2: WITHDRAWAL REQUESTS

(a) A Market Participant may request withdrawal of funds from its Exchange account. ProphetX DCO will process the request promptly, subject to the Market Participant maintaining sufficient Collateral to satisfy all open obligations.

(b) Withdrawals will be made only to a bank account in the same legal name as the Market Participant, unless otherwise permitted by ProphetX DCO.

(c) Market Participants are responsible for providing accurate banking information to the Exchange.

(d) Withdrawal requests received before 1:00 p.m. Central Time will be accepted for processing on the same Settlement Bank business day to the extent practicable. Requests received after that time will be accepted for processing the following Settlement Bank business day, subject to Collateral sufficiency.

RULE 6.3: WITHDRAWAL DENIALS

(a) Withdrawal requests may be suspended, delayed, or denied if:

   (1) The Market Participant has unsatisfied open obligations;

   (2) Fulfilling the request would violate Applicable Law;

(3) Circumstances exist that make fulfillment impossible or impracticable, or that pose material risk to the Exchange; or

(4) The Exchange determines, in its discretion, that the funds are relevant to a pending investigation.

(b) Market Participants should refer to the Fee Schedule published on the Exchange’s website for all fees and costs, if any, associated with the withdrawal of funds from their Exchange account.

(c) Market Participants are responsible for adhering to withdrawal procedures as specified by the Exchange. If a Market Participant fails to provide accurate information or otherwise comply with withdrawal procedures, the Exchange shall take reasonable measures to effect the withdrawal; however, if unable to do so, the Market Participant’s Collateral may, to the extent permitted by Applicable Law, thereafter be deemed forfeited to the Exchange.

CHAPTER 7: MARKET PARTICIPANT FUNDS AND COLLATERAL

RULE 7.1: SETTLEMENT BANKS

(a) ProphetX DCO shall designate one or more Settlement Banks to hold and safeguard Market Participant funds in accordance with the Commodity Exchange Act, CFTC Regulations, and Applicable Law. In selecting a Settlement Bank, ProphetX DCO shall apply regulatory criteria, perform due diligence, and exercise ongoing oversight to ensure the protection of Market Participant funds.

(b) ProphetX DCO shall monitor the concentration of its exposures to its Settlement Bank(s) and shall assess potential losses and liquidity pressures in the event that a Settlement Bank with settlement activity were to fail.

RULE 7.2: SEGREGATION OF FUNDS

(a) ProphetX DCO shall separately account for and segregate all Market Participant funds from its proprietary funds.

(b) Market Participant Collateral shall be legally and operationally segregated from the proprietary funds of ProphetX DCO.

(c) ProphetX DCO shall maintain a proprietary account, which shall be credited with fees or other payments owed to ProphetX DCO and debited from Market Participant accounts as a result of Trades and settlements.

(d) ProphetX DCO shall comply with all segregation requirements applicable under CFTC Regulations, including CFTC Regulation 22.3 or successor regulations.

RULE 7.3: COLLATERAL REQUIREMENTS

(a) All positions must be fully collateralized at all times. No Market Participant may enter into a Contract unless sufficient Collateral is deposited and maintained in such Market Participant's account.

(b) Upon execution of an Order from a Market Participant, ProphetX DCO shall reserve sufficient Collateral from such Market Participant's account to satisfy the full collateralization requirement. Such funds shall be unavailable for any purpose other than collateralizing that Transaction.

(c) Transfers of collateral between ProphetX DCO and a Market Participant are irrevocable and unconditional when effected, except as may be determined otherwise by ProphetX DCO in its sole discretion.

RULE 7.4: COLLATERAL STANDARDS

(a) ProphetX DCO shall accept United States dollars as Collateral.

(b) By posting Collateral, a Market Participant grants to the Exchange a continuing first-priority security interest, lien, right of setoff, and collateral assignment in such Collateral and its proceeds, to secure obligations arising under the Rules. The Exchange shall have control over any such financial assets as contemplated under applicable provisions of the Uniform Commercial Code and may require Market Participants to execute documents to perfect and enforce such interest.

(c) The Exchange is not responsible for any diminution in value of collateral due to market fluctuation, market sentiment, interest rates, inflation or other factors. Such risk remains with the Market Participant.

(d) All Market Participant Collateral shall be held by a U.S. bank in a manner that minimizes the risk of loss or delay in the Exchange's access to such funds, consistent with the Commodity Exchange Act and CFTC Regulations.

(e) The Exchange may liquidate a Market Participant's positions or collateral as necessary to maintain full collateralization, fulfill obligations to the Exchange or other Market Participants, or return Collateral in the event that:

(1) The Market Participant ceases to be authorized to access the Exchange;

(2) The Exchange suspends or terminates the Market Participant's trading privileges;

(3) The Market Participant's open position becomes insufficiently collateralized; or

(4) The Exchange determines, in its discretion, that liquidation is necessary to safeguard market integrity.

RULE 7.5: INVESTMENT OF MARKET PARTICIPANT FUNDS

(a) The Exchange may invest Market Participant funds in accordance with CFTC Regulations. Any investment of Market Participant funds shall comply with CFTC Regulations, including Regulations 1.25, 22.1, and 39.15 (or successor regulations thereto). Investments shall be managed with the objectives of preserving principal and maintaining liquidity.

(b) Investments of Market Participant funds shall be exclusively made in:

(1) U.S. Treasury securities;

(2) U.S. government agency securities;

(3) Reverse repurchase agreements collateralized by the foregoing; and

(4) U.S. government money market mutual funds.

(5) The maximum maturity for any investment security shall not exceed two (2) years.

(c) All investments shall be held at U.S. banks. Market Participant funds shall not, under any circumstances, be commingled with the Exchange's proprietary funds.

(d) The Exchange may, at its discretion, credit interest to Market Participant accounts at a rate determined by the Exchange. The Exchange shall retain any profits from investments not credited to Market Participants.

RULE 7.6: RECONCILIATION

(a) The Exchange shall continuously reconcile the positions and cash balances of each Market Participant. The Exchange shall also reconcile all positions and cash and Collateral balances of each Market Participant's account at the close of each Settlement Bank Business Day.

(b) Each Market Participant remains responsible for reconciling its internal records with those provided by the Exchange and must promptly notify the Exchange of any discrepancy.

CHAPTER 8: MARKET MAKERS

RULE 8.1: MARKET MAKER ELIGIBILITY

(a) Only Market Participants in good standing may be designated as a Market Maker of the Exchange.

(b) ProphetX DCM shall have sole discretion to designate a Market Participant as a Market Maker.

(c) ProphetX DCM may set any specific requirements that a Market Participant must satisfy in order to become a Market Maker.

(d) A Market Participant must execute a Market Maker Agreement with the Exchange as a condition of designation as a Market Maker.

(e) The designation of any Market Maker may be suspended, terminated, or restricted by ProphetX DCM at any time in accordance with this Chapter and the applicable Market Maker Agreement.

(f) ProphetX DCM may designate more than one Market Maker, and there may be more than one Market Maker participating on the Platform at any given time.

(g) There may be more than one Market Maker program in place at the Exchange at any given time.

RULE 8.2: DESIGNATION AS A MARKET MAKER

(a) To determine whether a Market Participant shall be designated as a Market Maker, ProphetX DCM shall consider factors such as the Market Participant's available financial resources, relevant experience, business reputation, trading activity in relevant markets, and any other relevant factor.

(b) No Market Participant shall be designated as a Market Maker without the Market Participant's consent.

(c) ProphetX DCM may periodically evaluate any Market Maker to determine whether it has fulfilled performance standards relating to, without limitation, quality of quotations, competitive market making, observance of ethical standards, and administrative soundness. If a Market Maker fails to meet minimum performance standards, ProphetX DCM may take any action it deems appropriate, including without limitation suspending, restricting, or terminating the Market Maker's designation.

RULE 8.3: MARKET MAKER BENEFITS

(a) A Market Maker may receive fee rebates, reduced fees, incentive payments, or other benefits established by the Exchange pursuant to an applicable Market

Maker Agreement and Program Terms. Any such benefits shall be determined and administered by the Exchange in accordance with this Chapter, the applicable Market Maker Agreement, and the Exchange's Fee Schedule, as applicable.

RULE 8.4: MARKET MAKER OBLIGATIONS

(a) A Market Maker's Transactions must be reasonably calculated to contribute to the maintenance of a fair and orderly market, and a Market Maker shall not make bids or offers or enter into Transactions that are inconsistent with this goal.

(b) A Market Maker comply with the obligations set forth in its Market Maker Agreement, including the applicable Program Terms in Schedule A. Such obligations may include, without limitation, maintaining two-sided quotations meeting specified spread, size, availability, or other performance requirements established by the Exchange.

(c) Without limiting the foregoing, Market Makers shall conduct their activities in a manner consistent with the maintenance of fair and orderly markets and shall remain subject to all market surveillance, trade practice monitoring, and compliance requirements applicable to other Market Participants under these Rules.

(d) If a Market Maker fails to comply with the obligations set forth in this Chapter 8, the applicable Market Maker Agreement, or any Market Maker program, ProphetX DCM may take any action it deems appropriate, including without limitation suspending, restricting, or terminating the Market Maker's designation in accordance with Rule 8.1(e).

CHAPTER 9: LEGAL MATTERS

RULE 9.1: GOVERNING LAW

These Rules, and the rights and obligations of the Exchange and Market Participants under these Rules, shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to any provisions of New York law that would apply the substantive law of a different jurisdiction. Under Section 8-110(e) of the Uniform Commercial Code, the “securities intermediary’s jurisdiction” shall be the State of New York for all purposes of the Uniform Commercial Code.

RULE 9.2: PRECEDENCE OF FEDERAL LAW

Any instructions, order, ruling, directive, or law issued or enacted by any court or agency of the Federal Government of the United States that conflicts with the Rules contained in this Rulebook shall take precedence, immediately become a part of these Rules, and be effective for all currently traded and newly listed Contracts.

RULE 9.3: LEGAL PROCEEDINGS

(a) Any action, suit, or proceeding against the Exchange, its Officers, Directors, employees, agents, or any member of any committee are subject to mandatory arbitration in accordance with Rule 12.1 and must be brought within one (1) year from the time that a cause of action accrues. To the extent arbitration is not permissible under law, any such action, suit, or proceeding shall be brought in the state or federal courts located within the City of New York, New York. Each Market Participant expressly consents to the jurisdiction of such courts, waives any objection to venue therein, and waives any right to a trial by jury.

(b) In the event that a Market Participant fails to prevail in a lawsuit or other legal proceeding, including an arbitration proceeding, instituted by such Market Participant against (1) the Exchange or (2) any Affiliate of the Exchange or any of their respective Officers, Directors, equity holders, employees, agents, or any member of any committee, and such proceeding relates to the business of the Exchange, the Market Participant shall pay to the Exchange all reasonable costs and expenses, including attorneys’ fees, incurred by the Exchange in the defense of such proceeding. This Rule does not apply to disciplinary actions brought by the Exchange, appeals of such actions, or instances in which the Board grants a waiver of the Rule.

(c) The Exchange will provide to the CFTC copies of documents pertaining to Exchange-related pending legal proceedings as required under CFTC Regulation 1.60.

RULE 9.4: LIMITATION OF LIABILITY; NO WARRANTIES

(a) Except as otherwise set forth in these Rules, or as required under the Commodity Exchange Act, CFTC Regulations, or Applicable Law, neither the

Exchange nor any of its representatives, Affiliates, or Affiliates' representatives shall be liable to any Market Participant or any partner, director, officer, agent, or employee thereof, for any loss, damage, injury, delay, cost, expense, or other liability or claim, whether in contract, tort, restitution, or otherwise, arising out of or relating to the use of the Exchange, the Platform, or the Exchange's website. By making use of the Exchange, the Platform, or the website, each Market Participant accepts all liability arising from such use.

(b) Without limiting paragraph (a), the Exchange and its representatives and Affiliates and Affiliates' representatives shall not be liable for any loss or claim arising from:

(1) Any failure or non-availability of the Platform or website;

(2) Any act or omission of the Exchange, its representatives, or Affiliates, including but not limited to any decision to void, nullify, or cancel Orders or Trades in whole or in part;

(3) Any errors or inaccuracies in information provided by the Exchange, its Affiliates, the Platform, or the website;

(4) Unauthorized access to or unauthorized use of the Platform or website;

(5) Any force majeure event; or

(6) Any loss resulting from a Market Participant's own security practices or the integrity of its technology or systems.

(c) The Platform, website, and any information provided by the Exchange are made available on an "as is" and "as available" basis, without warranties of any kind, express or implied, including but not limited to merchantability, fitness for a particular purpose, and non-infringement. The Exchange does not guarantee error-free, secure, or uninterrupted operation, or that information will be accurate, complete, reliable, or timely.

(d) A Market Participant that has Collateral deposited with the Exchange pursuant to these Rules shall hold the Exchange harmless from all liability, losses, and damages relating to the custody or disposition of such Collateral, provided the Exchange has acted reasonably and in accordance with Applicable Law. The Exchange is not responsible for the acts or omissions of third-party service providers selected with reasonable care, nor for losses resulting from a Market Participant's own error, negligence, or misconduct in connection with Collateral transfers.

(e) No Market Participant shall be entitled to commence or carry on any proceeding against the Exchange, its representatives, or Affiliates or Affiliates' representatives in respect of any act, omission, penalty, or remedy imposed pursuant to these Rules. This paragraph does not restrict the right to apply to the Commission for review of a direction, order, or decision of the Exchange.

(f) IN NO EVENT SHALL THE EXCHANGE OR ITS REPRESENTATIVES OR AFFILIATES OR AFILIATES' REPRESENTATIVES BE LIABLE FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, OR SPECIAL DAMAGES, EVEN IF ADVISED OF THE POSSIBILITY THEREOF.

(g) The limitations in this Rule shall not protect any person found by a final determination of a court or arbitrator (after exhaustion of appeals) to have engaged in willful misconduct or fraud. The limitations are also subject to the Commodity Exchange Act and applicable CFTC Regulations.

RULE 9.5: ERROR AND SETTLEMENT LIMITATION OF LIABILITY

Neither the Exchange nor its representatives or Affiliates or Affiliates' Representatives shall be liable to any Market Participant or any partner, director, officer, agent, or employee thereof, for any loss, damage, injury, delay, cost, expense, or other liability or claim, whether in contract, tort, restitution, or otherwise, arising from any act or omission of the Exchange, its representatives, or Affiliates relating to any decision by the Exchange to void, nullify, suspend, modify, or cancel Orders or Trades, or to adjust the prices of any Trades or Settlement Values in whole or in part. This limitation of liability applies regardless of whether the Exchange or its representatives were advised of the possibility of such claims or damages.

CHAPTER 10: PROPERTY RIGHTS

RULE 10.1: EXCHANGE PROPRIETARY DATA

Each Market Participant acknowledges and agrees that the Exchange owns and retains all rights, title, and interest in and to the Platform, including all related applications, interfaces, designs, software, source code, enhancements, updates, and any data or information transmitted to or from the Exchange (collectively, “Exchange Proprietary Data”). This ownership extends to all forms of intellectual property and proprietary rights, whether registered or unregistered, including without limitation copyrights, trademarks, service marks, trade secrets, trade names, database rights, design rights, moral rights, inventions (patentable or not), patents and applications, and rights in technical or commercial information (including know-how, research and development data, and manufacturing methods). Subject to this Rule 10.1, Market Participants may use market data, as part of Exchange Proprietary Data, solely for their own internal business purposes, but may not distribute, sell, retransmit, create derivative works based on such market data, or otherwise commercially exploit market data or any such derivative works without the prior written consent of the Exchange.

CHAPTER 11: ENFORCEMENT OF RULES

RULE 11.1: GENERAL PROVISIONS

(a) The Exchange shall record and maintain all information entered into its systems, including the identities of Market Participants and Authorized Traders, transaction data, audit trail information, and any other data required under Exchange policies. Such records shall be preserved in accordance with Exchange recordkeeping requirements and maintained in a form that allows for prompt inspection by the Compliance Department or the CFTC.

(b) The Compliance Department shall commence a review whenever it has reason to believe that activity occurring on or through the Exchange may constitute a violation of Exchange Rules or Applicable Law. Reviews may be initiated as a result of market surveillance, tips, complaints, referrals from regulators, or any other information that reasonably suggests a potential violation.

(c) The Exchange shall maintain a Compliance Department that is responsible for monitoring adherence to Exchange Rules and Applicable Law. The Compliance Department shall operate independently from the Exchange's commercial interests and shall be empowered to investigate, enforce, and prosecute matters within the Exchange's disciplinary jurisdiction. The Exchange will appoint one or more personnel as a (1) Chief Regulatory Officer that oversees the regulatory program of the Exchange in its capacity as a designated contract market, (2) Chief Compliance Officer that oversees the regulatory program of the Exchange in its capacity as a derivatives clearing organization, (3) Chief Risk Officer that oversees the risk management of the Exchange in its capacity as a derivatives clearing organization, and (4) an Enterprise Risk Officer that oversees the enterprise risk management of the Exchange in its capacity as both a designated contract market and derivatives clearing organization in accordance with CFTC Regulations 38.1051 and 39.10(d).

   (1) The Exchange shall ensure that the Compliance Department is staffed with one or more qualified compliance personnel sufficient to carry out its responsibilities.

   (2) The Compliance Department shall investigate potential violations, enforce Exchange Rules, and prosecute possible violations within the Exchange's jurisdiction. The Compliance Department may compel testimony, subpoena documents, and require statements under oath from any Market Participant and any Authorized Trader.

   (3) The Compliance Department shall conduct periodic reviews of Market Participants to confirm compliance with these Rules. Such reviews may include, without limitation, sampling of audit trail data, verification of account information, review of communications, and other inquiries reasonably designed to ensure compliance with Exchange requirements.

(d) All Market Participants and Authorized Traders are subject to the disciplinary authority of the Exchange. The Exchange may exercise such jurisdiction over any conduct that occurs on or through its facilities including the Platform, or conduct otherwise related to the integrity of its markets. Disciplinary matters shall be conducted by the Compliance Department and a Disciplinary Panel, in accordance with this Chapter.

(e) No Director, Officer, or employee of the Exchange shall improperly interfere with or attempt to influence the outcome of a disciplinary proceeding. The Exchange shall adopt procedures designed to protect the independence of the Compliance Department and Disciplinary Panel in carrying out their duties.

(f) A Respondent who is the subject of a disciplinary proceeding shall have the right to be represented during the course of such proceeding. This right ensures that Respondents are afforded a fair opportunity to defend themselves, while also safeguarding the impartiality of the Exchange's adjudicatory process.

(1) A Respondent served with a Notice of Charges may retain legal counsel or another representative of its choosing, provided that no Director, Officer, member of the Disciplinary Panel, or material witness may act in such capacity.

(2) In the event the Exchange prevails at hearing, the Respondent may be required to reimburse the Exchange for reasonable costs and expenses incurred in connection with the matter..

(g) Ex-parte communications concerning the merits of a disciplinary proceeding are strictly prohibited in order to preserve the fairness and integrity of the Exchange's disciplinary process. These restrictions apply equally to Respondents, their representatives, members of the Compliance Department, and members of the Disciplinary Panel.

(1) Respondents, their representatives, the Compliance Department, and its representatives shall not engage in ex parte communications regarding the merits of a disciplinary proceeding with members of a Disciplinary Panel.

(2) Members of a Disciplinary Panel shall not engage in ex-parte communications regarding the merits of a proceeding with Respondents or the Compliance Department.

(3) Any person who becomes aware of a prohibited communication shall promptly notify the Compliance Department and all parties to the proceeding.

(4) A person shall not be deemed in violation of this provision if the person refuses a communication once it becomes apparent that it concerns the merits of a disciplinary proceeding and promptly reports the attempted

communication to the Compliance Department and all parties to the proceeding.

RULE 11.2: INVESTIGATIONS

(a) The Compliance Department shall commence an investigation upon a determination that there is sufficient reason to believe a violation may have occurred. Investigations shall, where practicable, be concluded within 12 months, except where good cause exists for extension.

(b) At the conclusion of an investigation, the Compliance Department shall prepare a written report of the facts, analysis, and conclusions, which shall be retained in accordance with Exchange recordkeeping requirements. The report shall include a recommendation as to whether a disciplinary proceeding should be commenced, whether the matter should be closed, or whether alternative corrective action should be taken.

(c) The Compliance Department is authorized to:

(1) initiate and conduct investigations;

(2) inspect the books, records, and systems of any Market Participant and any Authorized Trader;

(3) prepare investigative reports and make recommendations concerning disciplinary proceedings;

(4) issue Notices of Charges; and

(5) prosecute alleged violations before the Disciplinary Panel.

(d) Each Market Participant and Authorized Trader shall:

(1) appear and testify and respond to written inquiries in connection with any investigation or disciplinary proceeding;

(2) produce documents, records, or tangible evidence within the time specified by the Compliance Department; and

(3) refrain from impeding or delaying any disciplinary matter.

(e) During an investigation, the Market Participant and/or Authorized Trader whose activity is the subject of the investigation may contest the Compliance Department’s allegations, submit written statements and supporting evidence, and/or request to enter settlement negotiations with the Compliance Department.

(f) If the findings of the Compliance Department in a Notice of Charges are not contested by a Market Participant or Authorized Trader, the Exchange will deem those findings admitted by the Market Participant or Authorized Trader, the findings of fact and the Compliance Department's conclusions as to each charge shall become final and the Compliance Department shall impose the penalty (if any) proposed by the Compliance Department. The Market Participant or Authorized Trader will be notified of the imposition of any penalty and sent a copy of the notice of disciplinary action by electronic mail to that Market Participant's or Authorized Trader's last known email address.

(g) Upon completion of a formal investigation, the Compliance Department shall prepare a written investigation report setting forth the reason the investigation was initiated, a summary of the complaint (if any), the relevant facts, the Compliance Department's analysis and conclusions, and the recommended disposition, including whether disciplinary action should be pursued. A written investigation report shall be prepared regardless of whether the investigation results in disciplinary action or a determination that no reasonable basis exists to find a violation.

RULE 11.3: DISCIPLINARY PANEL

(a) If a Respondent contests the findings of the Compliance Department set forth in a Notice of Charges, the matter shall be referred to a Disciplinary Panel.

(b) The Disciplinary Panel shall be appointed by the Regulatory Oversight Committee at the recommendation of the Chief Regulatory Officer.

(c) The Disciplinary Panel shall consist of exactly three (3) members.

(d) A quorum shall consist of all three (3) members of the Disciplinary Panel. The rendering of a decision or the imposition of any sanctions shall require a simple majority vote of the Disciplinary Panel.

(e) The Chief Regulatory Officer, or a designee, may present the case on behalf of the Exchange.

(f) Members of the Disciplinary Panel shall not have a direct financial, personal, or other interest in the matter. Compliance Department staff may not serve on a Disciplinary Panel adjudicating a case they investigated.

(g) The Disciplinary Panel shall have authority to compel testimony, require the production of documents, and receive evidence.

(h) The decision of the Disciplinary Panel shall be final and binding. No appeal shall be permitted.

(i) Each Disciplinary Panel shall include at least one individual who qualifies as a Public Director. No member of the Compliance Department may serve on a Disciplinary Panel.

RULE 11.4: NOTICE OF CHARGES

(a) When the Compliance Department determines that a violation has occurred, it shall issue a Notice of Charges to the Respondent.

(b) The Notice of Charges shall specify:

(1) the reasons the investigation was initiated;

(2) the Exchange Rules found to have been violated;

(3) a summary of the investigation and supporting evidence;

(4) the Compliance Department’s findings and conclusions;

(5) the sanctions that may be imposed if the charges are sustained; and

(6) the Respondent’s right to a hearing before a Disciplinary Panel.

(c) Upon service of a Notice of Charges, the Respondent shall have 15 calendar days to file an answer admitting or contesting the findings and charges set forth therein or to enter into settlement negotiations with the Compliance Department in accordance with Rule 11.6. The applicable response deadline shall be stated in the Notice of Charges.

(d) If the Respondent fails to respond to the Notice of Charges within 15 calendar days, such failure shall constitute an admission of the findings and charges set forth therein pursuant to Rule 11.2(f), and the Exchange may impose the sanctions or penalties described in the Notice of Charges.

RULE 11.5: HEARINGS AND DECISIONS

(a) The Disciplinary Panel shall convene a hearing within a reasonable time following issuance of a Notice of Charges. Hearings may be conducted virtually. The formal rules of evidence shall not apply; however, the Respondent shall be provided a fair opportunity to present a defense.

(1) Prior to the hearing, the Respondent shall be entitled to examine all books, documents, and other evidence in the possession or under the control of the Exchange that are relevant to the charges, except materials that are privileged, constitute attorney work product, were prepared by Exchange personnel but will not be offered into evidence, may disclose investigative or surveillance techniques or guidelines, or would disclose the identity of a confidential source.

(2) Enforcement Counsel shall present the case supporting the charges and proposed sanctions. The Respondent shall have the right to appear personally, to present relevant evidence, to call witnesses, and to cross-

examine witnesses appearing at the hearing. The Exchange's enforcement and compliance staff shall be parties to the hearing, and Enforcement Counsel shall present the case supporting the charges and proposed sanctions that are the subject of the hearing.

(3) The Exchange may require any Person subject to its jurisdiction who is called as a witness to appear and participate in the hearing and to produce relevant evidence. The Exchange shall make reasonable efforts to secure the participation of other relevant witnesses.

(4) If a hearing is requested by the Respondent, the Exchange shall create a record of the hearing that is capable of being accurately transcribed and shall maintain such record as part of the proceeding file. A transcript need not be prepared unless requested by Commission staff or the Respondent, required in connection with an appeal, or otherwise required by Applicable Law or CFTC Regulations.

(5) No member of the Disciplinary Panel may participate in a matter where such person has a financial, personal, or other direct interest in the matter under consideration.

(b) The hearing shall be recorded, and the record preserved pursuant to Exchange Rules.

(c) Respondents may present evidence and cross-examine witnesses, subject to reasonable procedural limits imposed by the Disciplinary Panel.

(d) Promptly following the hearing, and in no event later than fourteen (14) calendar days after conclusion of the hearing, the Disciplinary Panel shall render a written decision based upon the weight of the evidence contained in the record of the proceeding and shall provide a copy to the Respondent. The decision shall include: (i) the Notice of Charges or a summary of the charges; (ii) the answer, if any, or a summary of the answer; (iii) a summary of the evidence produced at the hearing or, where appropriate, incorporation by reference of the investigation report; (iv) findings of fact and conclusions; (v) an indication of each specific Rule that the Respondent was found to have violated; and (vi) any penalties imposed and the effective date of such penalties.

(e) The decision of the Disciplinary Panel shall be final and not subject to appeal. Except as otherwise permitted under Applicable Law or CFTC Regulations, any disciplinary or access denial action shall become effective no earlier than fifteen (15) calendar days after service of the written decision on the Respondent.

RULE 11.6: SETTLEMENTS

(a) The Compliance Department and a Respondent may negotiate a settlement before a final decision by a Disciplinary Panel.

(b) Any proposed settlement shall be submitted to a Disciplinary Panel for approval. The Disciplinary Panel may accept, reject, or modify the proposal. If a Disciplinary Panel modifies a settlement proposal, the Respondent may accept or reject the modified settlement.

(c) The Disciplinary Panel's decision on a settlement is final and not subject to appeal.

(d) All settlements shall be reduced to writing and maintained by the Compliance Department in accordance with Exchange recordkeeping requirements.

RULE 11.7: PENALTIES

(a) Penalties imposed as part of a disciplinary proceeding or settlement may include:

(1) a written warning, censure, or reprimand;

(2) monetary fines sufficient to punish and deter violations and eliminate financial gain;

(3) suspension of trading or clearing privileges for a defined period; or

(4) revocation of Exchange access.

(b) Penalties may also include restitution where harm to counterparties can be reasonably identified and quantified.

(c) In determining penalties, the Disciplinary Panel shall consider the gravity of the violation, the prior disciplinary record of the Respondent, and such mitigating or aggravating factors as may be relevant.

(d) No more than one warning letter may be issued to the same person or entity found to have committed the same rule violation within a rolling twelve-month period.

RULE 11.8: SUMMARY ACTION

(a) The Compliance Department may summarily suspend or restrict the access of a Market Participant or Authorized Trader if the Chief Regulatory Officer determines such action is necessary to protect the integrity of the markets, the Exchange, or the public.

(b) Notice of such suspension shall be provided when practicable to do so, and shall specify the action taken, the reasons for it, the effective time and duration, and the Respondent's right to a prompt hearing before a Disciplinary Panel.

(c) The Exchange may take such additional steps as are reasonably necessary to mitigate risks to the market or other Market Participants during the pendency of a summary suspension.

RULE 11.9: REPORTING TO THE CFTC

(a) The Exchange shall report all final disciplinary actions, including penalties, suspensions, expulsions, fines, or revocations of privileges, to the CFTC in the manner required by Applicable Law and CFTC Regulations.

(b) The Exchange shall also maintain and publish any schedules of disciplinary offenses or related disclosures required by CFTC Regulations.

(c) Whenever the Exchange finds by final decision that a Person has violated a Rule or otherwise committed a disciplinary offense and such finding makes such Person ineligible to serve on the Exchange's Disciplinary Panels, committees, or the Board, the Exchange shall inform the CFTC of such finding and the length of the ineligibility in a notice as required pursuant to either Commodity Exchange Act Section 17(h)(1) or CFTC Regulation 9.11.

(d) The Compliance Department shall cooperate fully with the CFTC in connection with any inquiries regarding disciplinary actions taken by the Exchange.

(e) The Exchange shall submit to the Commission within thirty days of the end of each calendar year a certified list of any persons who have been removed from any Disciplinary Panel, committee, or the Board pursuant to Rule 2.2(k) during the prior year.

RULE 11.10 SUMMARY FINES

(a) The Chief Regulatory Officer may, in lieu of referring a matter to a Disciplinary Panel, impose a summary fine on a Market Participant for a violation of the Rules relating to non-substantive trading violations, recordkeeping, reporting, or audit trail requirements.

(b) The Chief Regulatory Officer will issue a warning letter for a first-time violation, provided that no more than one warning letter may be issued per rolling twelve-month period for the same violation.

(c) The Summary Fine Schedule for recurring violations of the same Rule within a rolling twelve-month period is as follows:

First Offense: Warning Letter

Second Offense: $2,500 fine

Third Offense: $5,000 fine

Fourth Offense or subsequent offenses: Referral to Disciplinary Panel (DCM Exhibit M - Rulebook, Chapter 11: Enforcement of Rules, Rule 11.10(c)).

(d) Any summary fine imposed under this Rule becomes final and binding unless the Market Participant submits a written request for a hearing before a Disciplinary Panel within fifteen (15) calendar days of receipt of the summary fine notice.

CHAPTER 12: ARBITRATION

RULE 12.1: MATTERS SUBJECT TO ARBITRATION

(a) Any dispute, controversy, or claim (including related counterclaims) brought against the Exchange, its Officers, Directors, employees, agents, or any member of any committee by any Market Participant shall be settled by arbitration to the maximum extent permitted by law in accordance with the Terms of Use.

(b) If so elected by a Market Participant, any claim by the Market Participant against another Market Participant (including any related counterclaims) shall be settled by arbitration.

(c) If a party to a dispute to be settled by arbitration challenges the appropriateness of submitting a matter to arbitration, the Chief Executive Officer or their designee shall make a determination of whether the matter is appropriate for arbitration. The Chief Executive Officer's or designee's decision may be appealed to the Board at the request of a party to the dispute. The Board's decision is final.

(d) Any claim brought pursuant to this Rule 12.1 must be brought within twelve (12) months of the occurrence of the event underlying the claim.

(e) For any dispute, controversy, or claim subject to arbitration under this Chapter where none of the parties to the dispute are NFA Members, the arbitration shall be conducted through a designated private arbitration service, such as JAMS, in accordance with Rule 12.2 and the Terms of Use.

RULE 12.2: RULES OF ARBITRATION

The Exchange will conduct arbitration in accordance with NFA rules, or the rules of a designated private arbitration service (such as JAMS), as applicable.

(a) If all parties to a dispute are NFA Members, the arbitration shall be conducted in accordance with and subject to NFA's Member Arbitration Rules as in effect from time to time. These rules are incorporated by reference into this Chapter 12.

(b) If the dispute involves both an NFA Member and a non-NFA Member, the arbitration shall be conducted in accordance with and subject to the NFA's Code of Arbitration as in effect from time to time. This code is incorporated by reference into this Chapter 12.

(c) If none of the parties to a dispute are NFA Members, the arbitration shall be conducted by JAMS (or another private arbitration service approved by the Exchange) in accordance with its Comprehensive Arbitration Rules and Procedures (or comparable rules of an alternate private arbitration provider), unless the parties mutually agree to another arbitration forum. Where applicable, proceedings involving the Exchange will be governed by the arbitration protocols established in the Exchange's Terms of Use.

(d) Arbitration shall be conducted in the City of New York, New York, unless another location is jointly requested by the parties and approved by the arbitrator.

RULE 12.3: FAILURE TO HONOR ARBITRATION

Any Market Participant who fails to honor an arbitration award or settlement rendered under this Chapter 12 will be subject to disciplinary proceedings in accordance with Chapter 11.