MarketAxess®

MarketAxess SEF Corporation
299 Park Avenue, 10th Floor
New York, NY 10171

December 18, 2015

Submitted Via Email

Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581
submissions@cftc.gov

      RE: Self-Certification of Rules Pursuant to CFTC Rule 40.6(a)

To Whom it May Concern:

Pursuant to Section 5c(c) of the Commodity Exchange Act ("CEA") and Commodity Futures Trading Commission ("CFTC") Rule 40.6(a), the MarketAxess SEF Corporation ("MarketAxess SEF") hereby notifies the CFTC that it has updated Exhibit Q-2 to the MarketAxess SEF Application, which describes the MarketAxess SEF's trading protocols, to reflect recent developments and to provide clarity. The amended Exhibit Q-2 will be effective on January 6, 2016. Please find enclosed two versions of Exhibit Q-2, a clean version and a version marked to show the changes made.

The enclosed MarketAxess SEF Core Principles Chart demonstrates how MarketAxess SEF complies with applicable provisions of the CEA and the CFTC's regulations thereunder.

No substantive opposing views were expressed to the MarketAxess SEF Corporation by its governing board or committee members.

MarketAxess SEF Corporation hereby certifies that any change made to Exhibit Q-2 comply with the CEA and CFTC regulations thereunder.

MarketAxess SEF Corporation hereby certifies that it has posted a copy of this filing and a notice of the pending certification on its website concurrently with filing this notice with the CFTC.

1177716.01

By: _____

Ron Steinfeld
Chief Compliance Officer
MarketAxess SEF Corporation

Exhibit Q-2

The MarketAxess SEF will provide its Participants (as defined in the MarketAxess SEF Corporation Rulebook) with access to an Order Book and RFQ (including Click to Trade) protocols for Required Transactions. The Order Book and the RFQ protocols are electronic. For Permitted Transactions, MarketAxess SEF will provide its Participants with access to an Order Book, an uncleared Order Book and RFQ (including Click to Trade) protocols.

I.   Access to SEF screens

MarketAxess SEF Participants may access the Order Book screen via a specific tab within the general MarketAxess ("**MKTX**") electronic trading platform. This screen, and all other screens associated with the SEF, are clearly labeled with the MKTX SEF brand to distinguish them from the non-SEF portions of the platform.

MarketAxess SEF Participants may launch RFQ screens from different locations within the MKTX trading platform. A MarketAxess SEF Participant interested in requesting a quote for either a Required Transaction or a Permitted Transaction may launch an instrument search screen. The MarketAxess SEF Participant can access the instrument search screen by pushing a "trade" button. From this screen, the Participant may search for any instrument traded on the MKTX SEF platform and launch an RFQ screen for the instrument of interest. When a swap offered on the SEF is selected for RFQ, the system launches a SEF RFQ screen. Alternatively, a Participant can launch an RFQ on a listed swap through a right-click option on the MKTX SEF CTT screen. The CTT screen on the SEF can be accessed by a specific tab within the CDS tab of the MKTX trading platform.

II.   RFQ Workflow for Permitted Transactions and Block Trades

Pre-Allocations: The Participant submitting the request for quote ("**Submitter**") may choose to pre-allocate the inquiry.

Clearing (applicable if a Swap resulting from the Submitter's RFQ will be cleared): The Submitter will select the Derivatives Clearing Organization ("DCO") (the MKTX SEF currently supports ICE and CME) and an FCM. The FCM will check the Submitter's credit before the Submitter can send an RFQ. At this time, the MKTX SEF supports ping, push and credit hub credit check protocols.[1] The Submitter will select the recipients of the RFQ from the range of Participants that accept RFQs on the MarketAxess SEF. The Submitter of the RFQ has the ability to select as few as one, or as many as all, of the Participants that accept RFQs on the MarketAxess SEF. A Submitter who elects to select all such Participants may do so by pushing a "Select All" button. There is not a maximum number of recipients.

---

[1] The Participant may either select an FCM for the trade, or if they elect to pre-allocate the trade, may select one or more FCMs on each allocation. If multiple FCMs are utilized for an individual trade, each allocation must pass its credit check prior to the RFQ being submitted.

1094709.19

Recipients of an RFQ for an Uncleared Swap: The Submitter will select the recipients of the RFQ from the range of Participants with whom the Submitter (or if the Submitter is acting as agent, the range of Participants with whom the principal to the trade) has credit documentation in place. The Submitter of the RFQ has the ability to select as few as one, or as many as all, of the Participants with whom credit documentation is in place. A Submitter who elects to select all such Participants may do so by pushing a "Select All" button. There is not a maximum number of recipients.

Request Types: The Submitter has the option to request a bid, an offer, a Roll, or the Market. By making a Roll request, the Submitter is requesting a quote on a two-leg strategy, one buy, and one sell, typically from an older series of the listed swap to the current one. By making a Market request, the Submitter is requesting both a bid and an offer, and any Responder to a Market request must provide both a bid and an offer. The Submitter then has the option to execute on either side.

Recipients Receive Alerts: Authorized traders at recipients' firms receive trade alerts, and the inquiry appears on an "Activity Console" contained in the MKTX electronic trading platform. The alert contains the name of the Requestor, the instrument, and the requested size. Traders may individually select the products for which they want to receive alerts.

Recipients respond with a firm quote: Recipients responding to the RFQ ("**Responders**") will offer a firm quote based on the request. The firm quote indicates a level and an amount of time for which the quote will remain firm. The quote must be for the exact size specified in the RFQ. The FCM that will clear the Responder's side of the swap, if the quote is accepted by the Submitter and the swap is intended to be cleared, will conduct any requisite credit check before the Responder's quote is submitted and relayed to the RFQ submitter.

Submitter selects a response and executes: The Submitter sees all responses to the RFQ in a single grid, sorted best-to-worst; the identities of the prospective counterparties are disclosed in this grid. The response shows the price and the identity of the prospective counterparty. If the Responder is a Swap Dealer, they have the option to provide a mid as part of their response. Each response has its own timer, and the Submitter may accept or counter any response.

(optional) Countering negotiation: The Submitter may elect to enter into one-on-one negotiations with a single Responder by countering the level. The Submitter may only counter with one responder per RFQ. The size of the request may not be changed during this negotiation. The Responder may re-counter; the system permits a limited number of counters during this negotiation.

Confirmation: After the level is agreed to by the Submitter and the Responder, the related proceeds calculations are provided, and the confirmation is produced and provided to both counterparties. Relevant STP messages are sent to the required destinations.

Submission to a DCO: Promptly upon the execution of each Trade which is designated on MarketAxess SEF to be cleared by a Clearing House, the MarketAxess SEF shall directly submit the Trade to the Clearing House for acceptance for clearing by the relevant FCM(s) and the Clearing House. Any Trade

that is designated to be cleared and is executed on the MarketAxess SEF but is not accepted for clearing shall be deemed void *ab initio*.

III.   RFQ Workflow for Required Transactions (below the block size)

Pre-Allocations: The Submitter may choose to pre-allocate the inquiry.

Clearing: The Submitter of the RFQ will select the DCO (the MKTX SEF currently supports ICE and CME) and an FCM. The FCM will check the Submitter's credit before the Submitter can send an RFQ. At this time, the MKTX SEF supports ping, push and credit hub credit check protocols.

Recipients: The Submitter can submit an RFQ for a Required Transaction to any other participant on the SEF. A Submitter who elects to select all Participants may do so by pushing a "Select All" button. There is no maximum number of recipients.

Minimum number of Recipients: Prior to submission, the system ensures that a minimum of 3 recipients are selected. The system ensures that this minimum is met by non-affiliates (neither affiliates of each other nor affiliates of the submitter). This minimum is also only met by recipients that receive inquiries from SEF participants. For the avoidance of doubt, recipients who receive inquiries may receive inquiries from all SEF Participants; there is no ability to elect to receive inquiries from some, but not all, Participants. As discussed during the June 4, 2013, meeting with CFTC staff, Participants who have no interest in receiving inquiries may opt out of receiving all inquiries.

Disclosed vs. Anonymous: When submitting an RFQ, the Submitter can choose to disclose its identity to a subset of recipients, while remaining anonymous to the remainder of the SEF Participants. In this instance, the Submitter selects the set of recipients to whom the Submitter will submit the RFQ in a disclosed manner. When a Submitter's identity is disclosed to the recipient of the RFQ, the system will disclose to the Submitter the identity of each Responder. When the Submitter's identity is kept anonymous, the identity of any Responder will not be disclosed to the Submitter.

Resting Orders: When sending a Responder's quote to the Submitter, the system provides to the Submitter all resting orders from the Order Book (for the selected type of swap) on the inquiry submission screen, giving the Submitter market context.

Request Types: The Submitter of the RFQ has the option to request a bid, an offer, a Roll, or the Market. By making a Roll request, the submitter is requesting a quote on a two-leg strategy, one buy, and one sell, typically from an old series of the listed swap to the current one. By making a Market request, the Submitter is requesting both a bid and an offer and any Responder to a Market request must provide both a bid and an offer. The Submitter then has the option to execute on either side.

IV.   Recipients Receive Alerts:

For Disclosed recipients: Authorized traders of Recipients receive trade alerts, and the inquiry appears on an "Activity Console" contained in the MKTX electronic trading platform. The trade alert discloses

the product, size, and Submitter's identity. Traders may individually select the products for which they want to receive alerts.

For anonymous recipients: Participants can receive and respond to anonymous inquiries. Authorized traders of Recipients receive trade alerts, and the inquiry appears on a "market RFQ posting" page. The trade alert discloses the product and size of the inquiry. Traders may individually select the products for which they want to receive alerts.

Recipients respond with a firm quote: Recipients responding to the RFQ will offer a firm quote based on the request. The firm quote indicates a level and an amount of time for which the quote will remain firm. The quote must be for the exact size specified in the RFQ. Before the Responder's quote is submitted and relayed to the RFQ Submitter, the FCM that will clear the Responder's side of the swap (if Responder's quote is accepted by the Submitter) will conduct any requisite credit check. At this time, the MKTX SEF supports ping, push and credit hub credit check protocols.

Submitter selects a response and executes: The submitter sees all responses in a single grid, sorted best-to-worst; the identities of some prospective counterparties are disclosed in this grid. When a Submitter's identity is disclosed to the recipient of the RFQ, the system will disclose to the Submitter the identity of each Responder. When the Submitter's identity is kept anonymous, the identity of any Responder will not be disclosed to the Submitter. Within the response, the price and the identity of the Responder are disclosed. If the Responder is a Swap Dealer, the Responder may provide a mid within the response. Each response has its own timer. In addition to the responses, the system also provides all resting orders from the Order Book (for the selected type of swap) on the same screen.

Confirmation: After the level is agreed to by the Submitter and the Responder, the related proceeds calculations are provided, and the confirmation is produced and provided to both counterparties. Relevant STP messages are sent to the required destinations.

Submission to a DCO: Promptly upon the execution of each Trade which is designated on MarketAxess SEF to be cleared by a Clearing House, the MarketAxess SEF shall directly submit the Trade to the Clearing House for acceptance for clearing by the relevant FCM(s) and the Clearing House. Any Trade that is designated to be cleared and is executed on the MarketAxess SEF but is not accepted for clearing shall be deemed void *ab initio*.

V.   Order Book Workflow (Required Transactions and cleared Permitted Transactions)

The Order Book trading workflow is the same for both Required Transactions and cleared Permitted Transactions. A separate Order Book workflow is offered for uncleared Permitted Transactions.

Every Swap listed by the MarketAxess SEF that is a Required Transaction or a cleared Permitted Transaction will be offered for trading on the Order Book. These swaps are organized on a pre-determined set of tabs, and traders can set up their own tabs if desired.

Each type of swap maintains its own market depth with respect to the relevant DCO; each particular type of swap has independent market depths for each of ICE and CME.

1094709.19

Only limit orders may be entered into the Order Book. A limit order is a firm order to buy or sell a stated amount of a Swap at the price stated in the order or better, such that the limit order will persist and not be removed from the Order Book even if bettered and will remain in the Order Book until executed or cancelled by the System or by the Participant.

Orders on the Order Book may be partially filled unless designated as All-or-None at the time of entry onto the Order Book. Automatic matching of trades is supported on the Order Book.

On the main Order Book screen, the top of the market of each side is shown, and the book indicates if there is any depth behind the best level. If the best level was entered by a particular Participant, the trader who entered the level will see a "cancel" action where the Participant can cancel the order. (If the best level was entered by another trader acting for the same Participant, the other trader will see the level indicated as such and cannot act on it.) Any Participant (other than the Participant who entered the best level) may execute on the best level by hitting/lifting the order.

The order of market depth is determined using price/time/size priority. Orders are first ranked according to their price; orders of the same price are then ranked depending on when they were entered (measured down to the millisecond); orders of the same price entered at the same time are then ranked according to notional size (largest to smallest).

A Participant can enter an order by right-clicking to an enter order screen, where detailed order qualifiers can be entered. Alternatively, a Participant can hit "F2" or click into the quick order entry fields on the Order Book and enter an order. A Participant must enter the product, price, and size into the order. For the quick-entry of an order, the trader must set up a default FCM for the relevant DCO.

FCM Credit Check: Before an order is accepted to be placed into the Order Book, the FCM will check the credit of the Participant posting the order. Likewise, after a Participant selects the hit or lift action, the FCM will check that Participant's credit.

All Orders open at the end of the Business Day are cancelled. No Block Trades may take place on the Order Book.

Confirmation: After a Trade is executed, the related proceeds calculations are provided, and the confirmation is produced and provided to both counterparties. Relevant STP messages are sent to the required destinations.

Submission to a DCO: Promptly upon the execution of each Trade which is designated on MarketAxess SEF to be cleared by a Clearing House, the MarketAxess SEF shall directly submit the Trade to the Clearing House for acceptance for clearing by the relevant FCM(s) and the Clearing House. Any Trade that is designated to be cleared and is executed on the MarketAxess SEF but is not accepted for clearing shall be deemed void *ab initio*.

VI.   Order Book (uncleared Permitted Transactions)

Every contract listed by the MarketAxess SEF that is an uncleared Permitted Transaction will be offered on a disclosed uncleared Swap Order Book. A Participant may enter a bid or offer on the uncleared order book screen containing all relevant terms, including identity of the Participant, specific instrument, price and size.

Only limit orders may be entered into the uncleared Order Book. A limit order is a firm order to buy or sell a stated amount of a Swap at the price stated in the order or better, such that the limit order will persist and not be removed from the uncleared Order Book even if bettered and will remain in the uncleared Order Book until executed or cancelled by the System or by the Participant, provided, however, that a determination not to extend credit to a party attempting to hit a bid or lift an offer may be made by the Participant posting the relevant bid or offer.

Orders on the uncleared Order Book are All-or-None and automatic matching of trades is not supported on the uncleared Order Book.

A Participant attempting to hit or lift a level on the uncleared Order Book must send a one-to-one message to the Participant who posted the relevant level. Subject to extension of credit to the party attempting to hit or lift a bid or offer, the offer on the uncleared Order Book is firm and executable provided that the aggressing Participant agrees to all terms displayed with the applicable bid or offer, including specific instrument, price, and size.

Only parties with trading relationship documentation in place consistent with the requirements of Applicable Law may transact with each other on the uncleared Order Book.

Confirmation: After a Trade is executed, the related proceeds calculations are provided, and the confirmation is produced and provided to both counterparties. Relevant STP messages are sent to the required destinations.

All Orders open at the end of the Business Day are cancelled. No Block Trades may take place on the uncleared Order Book

VII.   CTT Workflow

The MarketAxess SEF "Click to Trade" ("**CTT**") system is an additional RFQ protocol. Participants can stream levels to a CTT page ("**Streaming Participants**"). For the same type of swap, a Streaming Participant can stream levels that differ depending upon (i) the DCO that will clear the swap, and (ii) the size of the swap. Streaming levels are the only order type permitted by a Streaming Participant.

A Participant looking to respond to streaming levels (a "**Receiving Participant**") will see different screens for each DCO. The swaps that have available levels are shown on the relevant screen. A Receiving Participant will only see levels being streamed by Streaming Participants who have accepted a request for stream from the Receiving Participant. The levels are shown on the screen, including the best level.

The best level also indicates whether there is market depth behind it. In addition, the market depth screen also provides all resting orders from the Order Book (for the selected type of swap).

Hit / Lift CTT level: From the CTT screen, or the market depth screen, a Receiving Participant can hit / lift a level and will select the size (which must not exceed the maximum size that is streamed with the level) and FCM prior to submitting the order. The FCM will check the Receiving Participant's credit before the submitted order is processed.

Last look: After hit / lift, the Streaming Participant is given a "last look" where the Streaming Participant views the order on a disclosed basis can choose to accept the order or reject the order. If the Transaction will be cleared, the Streaming Participant's FCM would check the Streaming Participant's credit at this point prior to execution.

Limit Orders: Receiving Participants also have the ability to leave a limit order against one or more Streaming Participants who are already contributing streaming levels. Receiving Participants have the option to either auto-submit an order against the level, or receive an alert when a streaming level meets the Receiving Participant's limit level. The auto-submit option automatically submits an order by the trader to the Streaming Participant who contributed the level that met the limit order. If the Receiving Participant opts to receive an alert, the alert pops-up as a notice to the Receiving Participant's trader who then may submit an order as normal. The FCM will check the Receiving Participant's credit before an auto-submit order or an order in response to an alert is placed on the SEF.

The only order types available to Receiving Participants are hitting/lifting CTT levels or leaving a resting limit order.

Limit orders are not sent to or seen by Streaming Participants, with the exception of other than those that auto-submit an order against a level, which are sent to a Streaming Participant at the time the auto-submission is triggered.

Confirmation: After the level is agreed to by the Streaming Participant and the Receiving Participant, the related proceeds calculations are provided, and the confirmation is produced and provided to both counterparties. Relevant STP messages are sent to the required destinations.

Required Transactions: For Required Transactions, Receiving Participants must request three or more requested streams of indicative levels provided by Streaming Participants.

VIII.   Cross Trades

MarketAxess SEF does not permit the same legal entity to transact with itself on the trading platform. As such, cross trades are not permitted.

The MarketAxess SEF will provide its Participants (as defined in the MarketAxess SEF Corporation Rulebook) with access to an Order Book and RFQ (including Click to Trade) protocols for Required Transactions. The Order Book and the RFQ protocols are electronic. For Permitted Transactions, MarketAxess SEF will provide its Participants with access to an Order Book and RFQ, an uncleared Order Book and RFQ (including Click to Trade) protocols.

I. Access to SEF screens

MarketAxess SEF Participants may access the Order Book screen via a specific tab within the general MarketAxess ("**MKTX**") electronic trading platform. This screen, and all other screens associated with the SEF, are clearly labeled with the MKTX SEF brand to distinguish them from the non-SEF portions of the platform.

MarketAxess SEF Participants may launch RFQ screens from different locations within the MKTX trading platform. A MarketAxess SEF Participant interested in requesting a quote for either a Required Transaction or a Permitted Transaction may launch an instrument search screen. The MarketAxess SEF Participant can access the instrument search screen by pushing a "trade" button. From this screen, the Participant may search for any instrument traded on the MKTX SEF platform and launch an RFQ screen for the instrument of interest. When a swap offered on the SEF is selected for RFQ, the system launches a SEF RFQ screen. Alternatively, a Participant can launch an RFQ on a listed swap through a right-click option on the MKTX SEF CTT screen. The CTT screen on the SEF can be accessed by a specific tab within the CDS tab of the MKTX trading platform.

II. RFQ Workflow for Permitted Transactions (~~including~~and Block Trades~~)~~

Pre-Allocations: The Participant submitting the request for quote ("**Submitter**") may choose to pre-allocate the inquiry.

Clearing (applicable if a Swap resulting from the Submitter's RFQ will be cleared): The Submitter will select the Derivatives Clearing Organization ("DCO") (the MKTX SEF currently supports ICE and CME) and an FCM. The FCM will check the Submitter's credit before the Submitter can send an RFQ. At this time, the MKTX SEF supports ping, push and credit hub credit check protocols.[1] The Submitter will select the recipients of the RFQ from the range of Participants that accept RFQs on the MarketAxess SEF. The Submitter of the RFQ has the ability to select as few as one, or as many as all, of the Participants that accept RFQs on the MarketAxess SEF. A Submitter who elects to select all

---

[1] The Participant may either select an FCM for the trade, or if they elect to pre-allocate the trade, may select one or more FCMs on each allocation. If multiple FCMs are utilized for an individual trade, each allocation must pass its credit check prior to the RFQ being submitted.

1094709.1~~8~~9

Redline Exhibit Q-2 (SEF Application) 1094709v18A and Exhibit Q-2 (SEF Application) 1094709v19 12/18/2015 4:01:09 PM

such Participants may do so by pushing a "Select All" button. There is not a maximum number of recipients.

Recipients of an RFQ for an Uncleared Swap: The Submitter will select the recipients of the RFQ from the range of Participants with whom the Submitter (or if the Submitter is acting as agent, the range of Participants with whom the principal to the trade) has credit documentation in place. The Submitter of the RFQ has the ability to select as few as one, or as many as all, of the Participants with whom credit documentation is in place. A Submitter who elects to select all such Participants may do so by pushing a "Select All" button. There is not a maximum number of recipients.

Request ~~Side~~Types: The Submitter has the option to request a bid, an offer, a Roll, or the Market. By making a Roll request, the Submitter is requesting a quote on a two-leg strategy, one buy, and one sell, typically from an older series of the listed swap to the current one. By making a Market request, the Submitter is requesting both a bid and an offer, and any Responder to a Market request must provide both a bid and an offer. The Submitter then has the option to execute on either side.

Recipients Receive Alerts: Authorized traders at recipients' firms receive trade alerts, and the inquiry appears on an "Activity Console" contained in the MKTX electronic trading platform. The alert contains the name of the Requestor, the instrument, and the requested size. Traders may individually select the products for which they want to receive alerts.

Recipients respond with a firm quote: Recipients responding to the RFQ ("**Responders**") will offer a firm quote based on the request. The firm quote indicates a level and an amount of time for which the quote will remain firm. The quote must be for the exact size specified in the RFQ. The FCM that will clear the Responder's side of the swap, if the quote is accepted by the Submitter and the swap is intended to be cleared, will conduct any requisite credit check before the Responder's quote is submitted and relayed to the RFQ submitter.

Submitter selects a response and executes: The Submitter sees all responses to the RFQ in a single grid, sorted best-to-worst; the identities of the prospective counterparties are disclosed in this grid. The response shows the price and the identity of the prospective counterparty. If the Responder is a Swap Dealer, ~~it must also~~they have the option to provide a mid as part of their response. Each response has its own timer, and the Submitter may accept or counter any response.

(optional) Countering negotiation: The Submitter may elect to enter into one-on-one negotiations with a single Responder by countering the level. The Submitter may only counter with one responder per RFQ. The size of the request may not be changed during this negotiation. The Responder may re-counter; the system permits a limited number of counters during this negotiation.

Confirmation: After the level is agreed to by the Submitter and the Responder, the related proceeds calculations are provided, and the confirmation is produced and provided to both counterparties. Relevant STP messages are sent to the required destinations.

Submission to a DCO: Promptly upon the execution of each Trade which is designated on MarketAxess SEF to be cleared by a Clearing House, the MarketAxess SEF shall directly submit the Trade to the Clearing House for acceptance for clearing by the relevant FCM(s) and the Clearing House. Any Trade that is designated to be cleared and is executed on the MarketAxess SEF but is not accepted for clearing shall be deemed void *ab initio*.

III. RFQ Workflow for Required Transactions (below the block size)

Pre-Allocations: The Submitter may choose to pre-allocate the inquiry.

Clearing: The Submitter of the RFQ will select the DCO (the MKTX SEF currently supports ICE and CME) and an FCM. The FCM will check the Submitter's credit before the Submitter can send an RFQ. At this time, the MKTX SEF supports ping, push and credit hub credit check protocols.

Recipients: The Submitter can submit an RFQ for a Required Transaction to any other participant on the SEF. A Submitter who elects to select all Participants may do so by pushing a "Select All" button. There is no maximum number of recipients.

Minimum number of Recipients: Prior to submission, the system ensures that a minimum of 3 recipients are selected. The system ensures that this minimum is met by non-affiliates (neither affiliates of each other nor affiliates of the submitter). This minimum is also only met by recipients that receive inquiries from SEF participants. For the avoidance of doubt, recipients who receive inquiries may receive inquiries from all SEF Participants; there is no ability to elect to receive inquiries from some, but not all, Participants. As discussed during the June 4, 2013, meeting with CFTC staff, Participants who have no interest in receiving inquiries may opt out of receiving all inquiries.

Disclosed vs. Anonymous: When submitting an RFQ, the Submitter can choose to disclose its identity to a subset of recipients, while remaining anonymous to the remainder of the SEF Participants. In this instance, the Submitter selects the set of recipients to whom the Submitter will submit the RFQ in a disclosed manner. When a Submitter's identity is disclosed to the recipient of the RFQ, the system will disclose to the Submitter the identity of each Responder. When the Submitter's identity is kept anonymous, the identity of any Responder will not be disclosed to the Submitter.

Resting Orders: When sending a Responder's quote to the Submitter, the system provides to the Submitter all resting orders from the Order Book (for the selected type of swap) on the inquiry submission screen, giving the Submitter market context.

Request ~~Side~~Types: The Submitter of the RFQ has the option to request a bid, an offer, a Roll, or the Market. By making a Roll request, the submitter is requesting a quote on a two-leg strategy, one buy, and one sell, typically from an old series of the listed swap to the current one. By making a Market request, the Submitter is requesting both a bid and an offer and any Responder to a Market request must provide both a bid and an offer. The Submitter then has the option to execute on either side.

IV. Recipients Receive Alerts:

For Disclosed recipients: Authorized traders of Recipients receive trade alerts, and the inquiry appears on an "Activity Console" contained in the MKTX electronic trading platform. The trade alert discloses the product, size, and Submitter's identity. Traders may individually select the products for which they want to receive alerts.

For anonymous recipients: Participants can receive and respond to anonymous inquiries. Authorized traders of Recipients receive trade alerts, and the inquiry appears on a "market RFQ posting" page. The trade alert discloses the product and size of the inquiry. Traders may individually select the products for which they want to receive alerts.

Recipients respond with a firm quote: Recipients responding to the RFQ will offer a firm quote based on the request. The firm quote indicates a level and an amount of time for which the quote will remain firm. The quote must be for the exact size specified in the RFQ. Before the Responder's quote is submitted and relayed to the RFQ Submitter, the FCM that will clear the Responder's side of the swap (if Responder's quote is accepted by the Submitter) will conduct any requisite credit check. At this time, the MKTX SEF supports ping, push and credit hub credit check protocols.

Submitter selects a response and executes: The submitter sees all responses in a single grid, sorted best-to-worst; the identities of some prospective counterparties are disclosed in this grid. When a Submitter's identity is disclosed to the recipient of the RFQ, the system will disclose to the Submitter the identity of each Responder. When the Submitter's identity is kept anonymous, the identity of any Responder will not be disclosed to the Submitter. Within the response, the price and the identity of the Responder are disclosed. If the Responder is a Swap Dealer, the Responder may provide a mid within the response. Each response has its own timer. In addition to the responses, the system also provides all resting orders from the Order Book (for the selected type of swap) on the same screen.

Confirmation: After the level is agreed to by the Submitter and the Responder, the related proceeds calculations are provided, and the confirmation is produced and provided to both counterparties. Relevant STP messages are sent to the required destinations.

Submission to a DCO: Promptly upon the execution of each Trade which is designated on MarketAxess SEF to be cleared by a Clearing House, the MarketAxess SEF shall directly submit the

1094709.1~~8~~9

Trade to the Clearing House for acceptance for clearing by the relevant FCM(s) and the Clearing House. Any Trade that is designated to be cleared and is executed on the MarketAxess SEF but is not accepted for clearing shall be deemed void *ab initio*.

V. Order Book Workflow (Required Transactions and cleared Permitted Transactions)

The Order Book trading workflow is the same for both Required Transactions and cleared Permitted Transactions. A separate Order Book workflow is offered for uncleared Permitted Transactions.

Every ~~contract~~Swap listed by the MarketAxess SEF that is a Required Transaction or a cleared Permitted Transaction will be offered for trading on the Order Book. ~~The MarketAxess SEF may offer certain Permitted Transactions for trading on the Order Book as well.~~ These swaps are organized on a pre-determined set of tabs, and traders can set up their own tabs if desired.

Each type of swap maintains its own market depth with respect to the relevant DCO; each particular type of swap has independent market depths for each of ICE and CME.

Only limit orders may be entered into the Order Book. A limit order is a firm order to buy or sell a stated amount of a Swap at the price stated in the order or better, such that the limit order will persist and not be removed from the Order Book even if bettered and will remain in the Order Book until executed or cancelled by the System or by the Participant.

Orders on the Order Book may be partially filled unless designated as All-or-None at the time of entry onto the Order Book. Automatic matching of trades is supported on the Order Book.

On the main Order Book screen, the top of the market of each side is shown, and the book indicates if there is any depth behind the best level. If the best level was entered by a particular Participant, the trader who entered the level will see a "cancel" action where the Participant can cancel the order. (If the best level was entered by another trader acting for the same Participant, the other trader will see the level indicated as such and cannot act on it.) Any Participant (other than the Participant who entered the best level) may execute on the best level by hitting/lifting the order.

The order of market depth is determined using price/time/size priority. Orders are first ranked according to their price; orders of the same price are then ranked depending on when they were entered (measured down to the millisecond); orders of the same price entered at the same time are then ranked according to notional size (largest to smallest).

A Participant can enter an order by right-clicking to an enter order screen, where detailed order qualifiers can be entered. Alternatively, a Participant can hit "F2" or click into the quick order entry fields on the Order Book and enter an order. A Participant must enter the product, price, and size into the order. For the quick-entry of an order, the trader must set up a default FCM for the relevant DCO.

FCM Credit Check: Before an order is accepted to be placed into the Order Book, the FCM will check the credit of the Participant posting the order. Likewise, after a Participant selects the hit or lift action, the FCM will check that Participant's credit.

All Orders open at the end of the Business Day are cancelled. No Block Trades may take place on the Order Book.

Confirmation: After a Trade is executed, the related proceeds calculations are provided, and the confirmation is produced and provided to both counterparties. Relevant STP messages are sent to the required destinations.

Submission to a DCO: Promptly upon the execution of each Trade which is designated on MarketAxess SEF to be cleared by a Clearing House, the MarketAxess SEF shall directly submit the Trade to the Clearing House for acceptance for clearing by the relevant FCM(s) and the Clearing House. Any Trade that is designated to be cleared and is executed on the MarketAxess SEF but is not accepted for clearing shall be deemed void *ab initio*.

VI. Order Book (uncleared Permitted Transactions)

Every contract listed by the MarketAxess SEF that is an uncleared Permitted Transaction will be offered on a disclosed uncleared Swap Order Book. A Participant may enter a bid or offer on the uncleared order book screen containing all relevant terms, including identity of the Participant, specific instrument, price and size.

Only limit orders may be entered into the uncleared Order Book. A limit order is a firm order to buy or sell a stated amount of a Swap at the price stated in the order or better, such that the limit order will persist and not be removed from the uncleared Order Book even if bettered and will remain in the uncleared Order Book until executed or cancelled by the System or by the Participant, provided, however, that a determination not to extend credit to a party attempting to hit a bid or lift an offer may be made by the Participant posting the relevant bid or offer.

Orders on the uncleared Order Book are All-or-None and automatic matching of trades is not supported on the uncleared Order Book.

A Participant attempting to hit or lift a level on the uncleared Order Book must send a one-to-one message to the Participant who posted the relevant level. Subject to extension of credit to the party attempting to hit or lift a bid or offer, the offer on the uncleared Order Book is firm and executable provided that the aggressing Participant agrees to all terms displayed with the applicable bid or offer, including specific instrument, price, and size.

1094709.189

Only parties with trading relationship documentation in place consistent with the requirements of Applicable Law may transact with each other on the uncleared Order Book.

Confirmation: After a Trade is executed, the related proceeds calculations are provided, and the confirmation is produced and provided to both counterparties. Relevant STP messages are sent to the required destinations.

All Orders open at the end of the Business Day are cancelled. No Block Trades may take place on the uncleared Order Book

VII.   CTT Workflow

The MarketAxess SEF "Click to Trade" ("**CTT**") system is an additional RFQ protocol. Participants can stream levels to a CTT page ("**Streaming Participants**"). For the same type of swap, a Streaming Participant can stream levels that differ depending upon (i) the DCO that will clear the swap, and (ii) the size of the swap. Streaming levels are the only order type permitted by a Streaming Participant.

A Participant looking to respond to streaming levels (a "**Receiving Participant**") will see different screens for each DCO. The swaps that have available levels are shown on the relevant screen. A Receiving Participant will only see levels being streamed by Streaming Participants who have accepted a request for stream from the Receiving Participant. The levels are shown on the screen, including the best level. The best level also indicates whether there is market depth behind it. In addition, the market depth screen also provides all resting orders from the Order Book (for the selected type of swap).

Hit / Lift CTT level: From the CTT screen, or the market depth screen, a Receiving Participant can hit / lift a level and will select the size (which must not exceed the maximum size that is streamed with the level) and FCM prior to submitting the order. The FCM will check the Receiving Participant's credit before the submitted order is processed.

Last look: After hit / lift, the Streaming Participant is given a "last look" where the Streaming Participant views the order on a disclosed basis can choose to accept the order or reject the order. If the Transaction will be cleared, the Streaming Participant's FCM would check the Streaming Participant's credit at this point prior to execution.

Limit Orders: Receiving Participants also have the ability to leave a limit order against one or more Streaming Participants who are already contributing streaming levels. Receiving Participants have the option to either auto-submit an order against the level, or receive an alert when a streaming level meets the Receiving Participant's limit level. The auto-submit option automatically submits an order by the trader to the Streaming Participant who contributed the level that met the limit order. If the Receiving Participant opts to receive an alert, the alert pops-up as a notice to the Receiving Participant's trader who then may submit an order as normal. The FCM will check the Receiving

Participant's credit before an auto-submit order or an order in response to an alert is placed on the SEF.

The only order types available to Receiving Participants are hitting/lifting CTT levels or leaving a resting limit order.

Limit orders are not sent to or seen by Streaming Participants, with the exception of other than those that auto-submit an order against a level, which are sent to a Streaming Participant at the time the auto-submission is triggered.

Confirmation: After the level is agreed to by the Streaming Participant and the Receiving Participant, the related proceeds calculations are provided, and the confirmation is produced and provided to both counterparties. Relevant STP messages are sent to the required destinations.

Required Transactions: For Required Transactions, Receiving Participants must request three or more requested streams of indicative levels provided by Streaming Participants.

VIII.   Cross Trades

MarketAxess SEF does not permit the same legal entity to transact with itself on the trading platform. As such, cross trades are not permitted.

Summary report: Litéra® Change-Pro TDC 7.5.0.176 Document comparison done on 12/18/2015 4:01:09 PM	
Style name: Option 3 Strikethrough Double Score	
Intelligent Table Comparison: Active	
Original DMS: dm://WASSR02A/1094709/18A	
Modified DMS: dm://WASSR02A/1094709/19	
Changes:	
Add	33
Delete	11
Move From	1
Move To	1
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	46

COMPLIANCE WITH CORE PRINCIPLES

All references herein to "Rule" shall refer to a rule included in the MarketAxess SEF Corporation Rulebook, provided in Exhibit M to the MarketAxess SEF Corporation Application for registration as a swap execution facility.

All references herein to "Question" shall refer to the response to a question in the Technology Questionnaire, provided in Exhibit V-1 to the MarketAxess SEF Corporation Application for registration as a swap execution facility.

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
Core Principle 1 (CEA 5h(f)(1)): Compliance with Core Principles		
§ 37.100 Core Principle 1—Compliance with core principles. (a) In general. To be registered, and maintain registration, as a swap execution facility, the swap execution facility shall comply with— (1) The core principles described in section 5h of the Act; and (2) Any requirement that the Commission may impose by rule or regulation pursuant to section 8a(5) of the Act. (b) Reasonable discretion of a swap execution facility. Unless otherwise determined by the Commission by rule or regulation, a swap execution facility described in paragraph (a) of this section shall have reasonable discretion in establishing the manner in which the swap execution facility complies with the core principles described in section 5h of the Act.	The MarketAxess SEF Corporation (" MKTX SEF") application illustrates how MKTX SEF will comply with the Core Principles for swap execution facilities and applicable CFTC rules.	Exhibit L – Core Principles Chart Exhibit M – MarketAxess SEF Rulebook ("Rulebook") Exhibit N – User License Agreement; Regulatory Service Provider Agreement; MKTX SEF Compliance Manual Exhibit O – NFA Compliance Manual; MKTX SEF Policies
Core Principle 2 (CEA 5h(f)(2)): Compliance with Rules		
§ 37.200 Core Principle 2—Compliance with rules. A swap execution facility shall: (a) Establish and enforce compliance with any rule of the swap execution facility, including the terms and conditions of the swaps traded or processed on or through the swap execution facility and any limitation on access to the swap execution facility;	The MarketAxess SEF Rulebook ("Rulebook") requires all participants to comply with MKTX SEF rules and obligations and establishes procedures to enforce its rules. *See* Rule 401(d); Rulebook Chapter 7. The MarketAxess SEF website shall set forth the terms and conditions of swaps to be traded or processed on or through MKTX SEF. *See* www.marketaxess.com. The Rulebook requires participants to abide by the terms	Rule 401(d) (Requiring all participants to comply with the MarketAxess SEF rules and obligations) Chapter 7 (Disciplinary Rules) www.marketaxess.com (Will set forth Terms and Conditions) Rule 540 (Terms and Conditions) Rule 301 (Criteria for Becoming a Participant Firm) Rule 315 (Impartial Access) Rule 718 (Summary Suspensions and Other Summary

1

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
	and conditions of any swap traded or processed on or through MKTX SEF. *See* Rule 540. The Rulebook establishes, and MKTX SEF will impartially apply, qualifications a participant must meet to access the SEF. *See* Rule 315; 301. The Rulebook sets forth procedures for impartially deciding whether to revoke, suspend, limit, condition, restrict, or qualify access to the SEF, including when the decision is made as part of a disciplinary or emergency action taken by MKTX SEF. See Rule 718.	Actions)
(b) Establish and enforce trading, trade processing, and participation rules that will deter abuses and have the capacity to detect, investigate, and enforce those rules, including means to provide market participants with impartial access to the market and to capture information that may be used in establishing whether rule violations have occurred;	MKTX SEF has established trading practices and business conduct standards that apply to all transactions on MKTX SEF and are designed to deter abuses. *See* Rulebook Chapter 5; Rulebook Chapter 7. MKTX SEF has the capacity to detect and investigate rule violations. *See* Regulatory Services Agreement; *See* Rules 216 and 702. MKTX SEF has the authority capacity to enforce its rules. *See* Rulebook Chapter 7.	Chapter 5 (Trading Practices and Business Conduct) Chapter 7 (Disciplinary Rules) Rule 216 (Services Agreement with a Regulatory Services Provider) Rule 702 (Inquiries and Investigation) *See* compliance with Core Principle 5 (addressing MKTX SEF's ability to obtain information) Exhibit N-1 -- Regulatory Services Agreement with NFA
(c) Establish rules governing the operation of the facility, including rules specifying trading procedures to be used in entering and executing orders traded or posted on the facility, including block trades; and	The Rulebook governs the operation of the facility, including specifying the trading procedures to be used in entering and executing orders traded or posted on MKTX SEF, including block trades. *See* Rulebook Chapters 5 and 6.	Chapter 5 (Trading Practices and Business Conduct) Chapter 6 (Privately Negotiated Transactions)
(d) Provide by its rules that when a swap dealer or major swap participant enters into or facilitates a swap that is subject to the mandatory clearing requirement of section 2(h) of the Act, the swap dealer or major swap participant shall be responsible for compliance with the mandatory trading requirement under section 2(h)(8) of the Act.	The Rulebook provides that when a swap dealer or major swap participant enters into or facilitates a swap that is subject to the mandatory clearing requirement under CEA section 2(h), the swap dealer or major swap participant shall be responsible for complying with the mandatory trading requirement under CEA section 2(h)(8). *See* Rule 514.	Rule 514 (Execution of Required Transactions)
§ 37.201 Operation of swap execution facility and compliance with rules. (a) A swap execution facility shall establish rules governing the operation of the swap execution facility,	*See* compliance with 37.200(c) above.	*See* compliance with 37.200(c) above.

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
including, but not limited to, rules specifying trading procedures to be followed by members and market participants when entering and executing orders traded or posted on the swap execution facility, including block trades, as defined in part 43 of this chapter, if offered. (b) A swap execution facility shall establish and impartially enforce compliance with the rules of the swap execution facility, including, but not limited to— (1) The terms and conditions of any swaps traded or processed on or through the swap execution facility; (2) Access to the swap execution facility; (3) Trade practice rules; (4) Audit trail requirements; (5) Disciplinary rules; and (6) Mandatory trading requirements.	MKTX SEF has rules regarding: • The terms and conditions of swaps traded or processed on or through MKTX SEF; Rule 540; Rule 601 • Access to MKTX SEF; *See* Rule 301; Rule 718 • Trade practices; *See* Rulebook Chapter 5 • Audit trail requirements; *See* Rule 214; Disciplinary rules; *See* Rulebook Chapter 7 • Mandatory trading requirements. *See* Rule 514. MKTX SEF will impartially enforce those rules.	Rule 540 (Terms and Conditions) Rule 601 (Block Trades) Rule 301 (Criteria for Becoming a Participant Firm) Rule 718 (Summary Suspensions and Other Summary Actions) Rulebook Chapter 5 (Trading Practices and Business Conduct) Rule 214 (Maintenance of Books and Records) Rule 514 (Execution of Required Transactions) Rulebook Chapter 7 (Disciplinary Rules)
§37.202 Access requirements. (a) Impartial access to markets and market services. A swap execution facility shall provide any eligible contract participant and any independent software vendor with impartial access to its market(s) and market services, including any indicative quote screens or any similar pricing data displays, provided that the facility has:	MKTX SEF provides eligible contract participants impartial access to its market and market services. *See* Rules 315, 301, and 404(b).	Rule 315 (Impartial Access) Rule 301 (Criteria for Becoming a Participant Firm) 404(b) (Participant Requirements as Eligible Contract Participants)
(1) Criteria governing such access that are impartial, transparent, and applied in a fair and nondiscriminatory manner;	MKTX SEF's access criteria are transparent and available in the Rulebook. *See* Rule 301. MKTX SEF will apply access criteria in a fair and nondiscriminatory manner. *See* Rule 315.	Rule 301 (Criteria for Becoming a Participant Firm) Rule 315 (Impartial Access)
(2) Procedures whereby eligible contract participants provide the swap execution facility with written or electronic confirmation of their status as eligible contract participants, as defined by the Act and Commission regulations, prior to obtaining access; and	Each participant firm must represent to MKTX SEF that it is an Eligible Contract Participant. *See* Rule 301(a)(1); *See* Section 2(b) of Schedule B of the User License Agreement.	Rule 301(a)(1) (Requiring a participant firm to demonstrate to MKTX SEF that it is an Eligible Contract Participant) Exhibit N-2 – Schedule B of the User License Agreement, Section 2(b) (Requiring a representation that the participant is an ECP)
	MKTX SEF provides comparable fee structures for	Exhibit K (Setting forth MKTX SEF fee structures)

3

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
(3) Comparable fee structures for eligible contract participants and independent software vendors receiving comparable access to, or services from, the swap execution facility.	participants receiving comparable access to, or services from, MKTX SEF. *See* Rule 305(d); Exhibit K.	Rule 305(d) (ECPs and ISVs will have comparable fee structures for comparable access or services)
(b) Jurisdiction. Prior to granting any eligible contract participant access to its facilities, a swap execution facility shall require that the eligible contract participant consent to its jurisdiction.	MKTX SEF requires all participants to consent to MKTX SEF's jurisdiction. *See* Rule 302(a)(2).	Rule 302(a)(2) (Requiring a participant to consent to MKTX SEF's jurisdiction)
(c) Limitations on access. A swap execution facility shall establish and impartially enforce rules governing any decision to allow, deny, suspend, or permanently bar eligible contract participants' access to the swap execution facility, including when such decisions are made as part of a disciplinary or emergency action taken by the swap execution facility.	The Rulebook establishes procedures to impartially decide to revoke, suspend, limit, condition, restrict, or qualify access, including when the decision is made as part of a disciplinary or emergency action taken by MarketAxess. *See* Rule 718.	Rule 718 (Summary Suspensions and Other Summary Actions)
§37.203 Rule enforcement program. A swap execution facility shall establish and enforce trading, trade processing, and participation rules that will deter abuses and it shall have the capacity to detect, investigate, and enforce those rules.		
(a) Abusive trading practices prohibited. A swap execution facility shall prohibit abusive trading practices on its markets by members and market participants. Swap execution facilities that permit intermediation shall prohibit customer-related abuses including, but not limited to, trading ahead of customer orders, trading against customer orders, accommodation trading, and improper cross trading. Specific trading practices that shall be prohibited include front-running, wash trading, pre-arranged trading (except for block trades permitted by part 43 of this chapter or other types of transactions certified to or approved by the Commission pursuant to the procedures under part 40 of this chapter), fraudulent trading, money passes, and any other trading practices that a swap execution facility deems to be abusive. A swap execution facility shall also prohibit any other manipulative or disruptive trading practices prohibited by the Act or by the Commission pursuant to Commission regulation.	MKTX SEF prohibits abusive trading practices. *See* Rulebook Chapter 5. Specifically, MKTX SEF prohibits: • Trading ahead of customer orders; Rule 529(a) • Trading against customer orders; Rule 529(b); Rule 520 • Accommodation trading; Rule 529(c) • Improper cross-trading; Rule 529(d) • Front-running; Rule 528 • Wash trades; Rule 506 • Pre-arranged trades, except as set forth in the MKTX SEF Rules; Rule 525 • Fraudulent acts; Rule 505 • Money passes; Rule 525(d) • Fictitious, wash, or non-competitive transactions; Rule 506 • Market manipulation; Rule 508	*See* Chapter 5 (Trading Practices and Business Conduct)

4

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
	• Disruptive trading practices. Rule 509	
(b) Capacity to detect and investigate rule violations. A swap execution facility shall have arrangements and resources for effective enforcement of its rules. Such arrangements shall include the authority to collect information and documents on both a routine and non-routine basis, including the authority to examine books and records kept by the swap execution facility's members and by persons under investigation. A swap execution facility's arrangements and resources shall also facilitate the direct supervision of the market and the analysis of data collected to determine whether a rule violation has occurred.	MKTX SEF can delegate to NFA, on an ad hoc basis, the obligation to detect and investigate rule violations. *See* Rule 216; Regulatory Services Agreement with NFA.	Rule 216 (Services Agreement with a Regulatory Services Provider) Exhibit N-1 Regulatory Services Agreement with NFA
(c) Compliance staff and resources. A swap execution facility shall establish and maintain sufficient compliance staff and resources to ensure that it can conduct effective audit trail reviews, trade practice surveillance, market surveillance, and real-time market monitoring. The swap execution facility's compliance staff shall also be sufficient to address unusual market or trading events as they arise, and to conduct and complete investigations in a timely manner, as set forth in § 37.203(f).	MKTX has established and will maintain sufficient compliance staff and resources. *See* Rule 210.	Rule 210 (Compliance Staff and Resources)
(d) Automated trade surveillance system. A swap execution facility shall maintain an automated trade surveillance system capable of detecting potential trade practice violations. The automated trade surveillance system shall load and process daily orders and trades no later than 24 hours after the completion of the trading day. The automated trade surveillance system shall have the capability to detect and flag specific trade execution patterns and trade anomalies; compute, retain, and compare trading statistics; compute trade gains, losses, and swap-equivalent positions; reconstruct the sequence of market activity; perform market analyses; and support system users to perform in-depth analyses and ad hoc queries of trade-related data.	NFA will maintain an automated trade surveillance system capable of detecting potential trade practice violations. *See* Regulatory Services Agreement with NFA.	Exhibit N-1 Regulatory Services Agreement with NFA
(e) Real-time market monitoring. A swap execution facility shall conduct real-time market monitoring of all trading	MKTX SEF will conduct real-time market monitoring of all trading activity on its system to identify disorderly	Exhibit N-3 (MKTX SEF Compliance Manual) Exhibit O-2 (MKTX SEF in-house compliance functions)

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
activity on its system(s) or platform(s) to identify disorderly trading and any market or system anomalies. A swap execution facility shall have the authority to adjust trade prices or cancel trades when necessary to mitigate market disrupting events caused by malfunctions in its system(s) or platform(s) or errors in orders submitted by members and market participants. Any trade price adjustments or trade cancellations shall be transparent to the market and subject to standards that are clear, fair, and publicly available.	trading and any market or system anomalies. *See* Exhibit N-3; Exhibit O-2. MKTX SEF has the authority to adjust trade prices or cancel trades when necessary to mitigate market disrupting events caused by malfunctions in it systems or platforms. *See* Rule 212; Exhibit N-3.	Rule 212 (Emergency Rules)
(f) Investigations and investigation reports— (1) Procedures. A swap execution facility shall establish and maintain procedures that require its compliance staff to conduct investigations of possible rule violations. An investigation shall be commenced upon the receipt of a request from Commission staff or upon the discovery or receipt of information by the swap execution facility that indicates a reasonable basis for finding that a violation may have occurred or will occur. (2) Timeliness. Each compliance staff investigation shall be completed in a timely manner. Absent mitigating factors, a timely manner is no later than 12 months after the date that an investigation is opened. Mitigating factors that may reasonably justify an investigation taking longer than 12 months to complete include the complexity of the investigation, the number of firms or individuals involved as potential wrongdoers, the number of potential violations to be investigated, and the volume of documents and data to be examined and analyzed by compliance staff.	The Market Regulation Department will investigate any matter within MKTX SEF's jurisdiction of which it becomes aware. *See* Rule 702(a). It will commence an investigation upon receipt of a request by CFTC staff or upon the discovery or receipt of information by MKTX SEF that indicates a possible basis for finding that a violation has occurred or may occur. *See* Rule 702(a). Any investigation will be completed in a timely manner in accordance with CFTC regulation 37.203(f)(2). *See* Rule 702(e).	Rule 702(a) (Providing for the initiation of an investigation) Rule 702(e) (Requiring an investigation to be completed in a timely manner)
(3) Investigation reports when a reasonable basis exists for finding a violation. Compliance staff shall submit a written investigation report for disciplinary action in every instance in which compliance staff determines from surveillance or from an investigation that a reasonable basis exists for finding a rule violation. The investigation report shall include the reason the investigation was initiated; a summary of the complaint, if any; the relevant facts; compliance staff's analysis and conclusions; and a recommendation as to whether disciplinary action should be pursued. (4) Investigation reports when no reasonable basis exists for finding a violation. If after conducting an	The Market Regulation Department will maintain a log of all investigations and their disposition. The Market Regulation Department will prepare a written report of each investigation, regardless of whether the evidence gathered forms a reasonable basis to believe that a violation has occurred or is about to occur. *See* Rule 703(a). The report will include the reasons for initiating the investigation (including a summary of the complaint, if any), all relevant facts, the Market Regulation Department staff's analysis and conclusions, the participant's disciplinary history at MKTX SEF, and the recommendation of the Market Regulation Department. *See* Rule 703(b).	Rule 703(a) (Regarding written logs of investigations) Rule 703(b) (Describing the substance of an investigative report)

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
investigation, compliance staff determines that no reasonable basis exists for finding a rule violation, it shall prepare a written report including the reason the investigation was initiated; a summary of the complaint, if any; the relevant facts; and compliance staff's analysis and conclusions. (5) Warning letters. 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. (g) Additional sources for compliance. A swap execution facility may refer to the guidance and/or acceptable practices in Appendix B of this part to demonstrate to the Commission compliance with the requirements of § 37.203.	No more than one warning letter for the same potential violation may be issued to the same participant during a rolling 12 month period. Rule 715(a)(7).	Rule 715(a)(7) (Limiting the number of times a warning letter may be issued)
§37.204 Regulatory services provided by a third party. (a) Use of regulatory service provider permitted. A swap execution facility may choose to contract with a registered futures association or another registered entity, as such terms are defined under the Act, or the Financial Industry Regulatory Authority (collectively, "regulatory service providers"), for the provision of services to assist in complying with the Act and Commission regulations thereunder, as approved by the Commission. Any swap execution facility that chooses to contract with a regulatory service provider shall ensure that such provider has the capacity and resources necessary to provide timely and effective regulatory services, including adequate staff and automated surveillance systems. A swap execution facility shall at all times remain responsible for the performance of any regulatory services received, for compliance with the swap execution facility's obligations under the Act and Commission regulations, and for the regulatory service provider's performance on its behalf. (b) Duty to supervise regulatory service provider. A swap execution facility that elects to use the service of a regulatory service provider shall retain sufficient compliance staff to supervise the quality and effectiveness of the regulatory services provided on its behalf. Compliance staff of the swap execution facility shall hold regular meetings	NFA will provide regulatory services to MKTX SEF, including trade practice surveillance, market surveillance, real time monitoring, and enforcement of audit trail and recordkeeping requirements. *See* NFA Regulatory Service Agreement. MKTX SEF shall remain responsible for the performance of regulatory services received, compliance with its obligations, and for NFA's performance on its behalf. *See* Rule 216(c). MKTX SEF shall retain sufficient compliance staff to supervise the quality and effectiveness of the regulatory services being provided by NFA. *See* Rule 216(c); Exhibit N-3.	Exhibit N-1 NFA Regulatory Services Agreement Rule 216(c) (Describing MKTX SEF's supervision of a regulatory services provider) Rule 216(c) (Describing MKTX SEF's supervision of a regulatory services provider) Exhibit N-3 (MKTX SEF Compliance Manual)

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
with the regulatory service provider to discuss ongoing investigations, trading patterns, market participants, and any other matters of regulatory concern. A swap execution facility shall also conduct periodic reviews of the adequacy and effectiveness of services provided on its behalf. Such reviews shall be documented carefully and made available to the Commission upon request.		
(c) Regulatory decisions required from the swap execution facility. A swap execution facility that elects to use the service of a regulatory service provider shall retain exclusive authority in all substantive decisions made by its regulatory service provider, including, but not limited to, decisions involving the cancellation of trades, the issuance of disciplinary charges against members or market participants, and denials of access to the trading platform for disciplinary reasons. A swap execution facility shall document any instances where its actions differ from those recommended by its regulatory service provider, including the reasons for the course of action recommended by the regulatory service provider and the reasons why the swap execution facility chose a different course of action.	MKTX SEF shall retain ultimate decision-making authority with respect to any functions that are contracted to the NFA and document where the MarketAxess SEF's actions differ from NFA's recommendation. *See* Rule 216(b); Exhibit N-3.	Rule 216(b) (Retaining ultimate decision-making authority) Exhibit N-3 (MKTX SEF Compliance Manual)
§ 37.205 Audit trail. A swap execution facility shall establish procedures to capture and retain information that may be used in establishing whether rule violations have occurred.

(a) Audit trail required. A swap execution facility shall capture and retain all audit trail data necessary to detect, investigate, and prevent customer and market abuses. Such data shall be sufficient to reconstruct all indications of interest, requests for quotes, orders, and trades within a reasonable period of time and to provide evidence of any violations of the rules of the swap execution facility. An acceptable audit trail shall also permit the swap execution facility to track a customer order from the time of receipt through fill, allocation, or other disposition, and shall include both order and trade data.

(b) Elements of an acceptable audit trail program— (1) Original source documents. A swap execution facility's audit trail shall include original source documents. Original | MKTX SEF shall keep, or cause to be kept, complete audit trails for all swaps executed on or subject to the rules of MKTX SEF. *See* Rule 214(a); *See* Exhibit V Response to Question 5(m)(3); Exhibit S.

MKTX SEF's audit trail will include original source documents. *See* Exhibit S. | Rule 214 (Maintenance of Books and Records)

Exhibit V Question 5(m)(3) Exhibit S (Discussion of how trading data will be maintained)

Exhibit S (Discussion of how trading data will be maintained) |

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
source documents include unalterable, sequentially-identified records on which trade execution information is originally recorded, whether recorded manually or electronically. Records for customer orders (whether filled, unfilled, or cancelled, each of which shall be retained or electronically captured) shall reflect the terms of the order, an account identifier that relates back to the account(s) owner(s), the time of order entry, and the time of trade execution. Swap execution facilities shall require that all orders, indications of interest, and requests for quotes be immediately captured in the audit trail.		
(2) Transaction history database. A swap execution facility's audit trail program shall include an electronic transaction history database. An adequate transaction history database includes a history of all indications of interest, requests for quotes, orders, and trades entered into a swap execution facility's trading system or platform, including all order modifications and cancellations. An adequate transaction history database also includes: (i) All data that are input into the trade entry or matching system for the transaction to match and clear; (ii) The customer type indicator code; (iii) Timing and sequencing data adequate to reconstruct trading; and (iv) Identification of each account to which fills are allocated.	MKTX SEF's audit trail program shall include an electronic history database. *See* Exhibit S.	Exhibit S (Discussion of how trading data will be maintained)
(3) Electronic analysis capability. A swap execution facility's audit trail program shall include electronic analysis capability with respect to all audit trail data in the transaction history database. Such electronic analysis capability shall ensure that the swap execution facility has the ability to reconstruct indications of interest, requests for quotes, orders, and trades, and identify possible trading violations with respect to both customer and market abuse.	MKTX SEF's audit trail program shall include electronic analysis capability with respect to all audit trail data in the transaction history database. *See* Exhibit S. MKTX SEF will have the ability to reconstruct indications of interest, requests for quotes, orders, and trades and identify possible trading violations. *See* Exhibit O-2. MKTX SEF will ensure that all audit trail information is captured and securely stored for five years. *See* Exhibit V Response to Question 5(m)(3).	Exhibit S (Discussion of how trading data will be maintained) Exhibit O-2 (MKTX SEF in-house compliance functions) Exhibit V Question 5(m)(3)
(4) Safe storage capability. A swap execution facility's audit trail program shall include the capability to safely store all audit trail data retained in its transaction history database. Such safe storage capability shall include the capability to store all data in the database in a manner that protects it from unauthorized alteration, as well as from accidental	MKTX SEF can safely store all audit trail data retained in its transaction history database. *See* Exhibit V Response to Question 5(m)(3).	Exhibit V Question 5(m)(3)

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
erasure or other loss. Data shall be retained in accordance with the recordkeeping requirements of Core Principle 10 for swap execution facilities and the associated regulations in subpart K of this part. (c) Enforcement of audit trail requirements—(1) Annual audit trail and recordkeeping reviews. A swap execution facility shall enforce its audit trail and recordkeeping requirements through at least annual reviews of all members and persons and firms subject to the swap execution facility's recordkeeping rules to verify their compliance with the swap execution facility's audit trail and recordkeeping requirements. Such reviews shall include, but are not limited to, reviews of randomly selected samples of front-end audit trail data for order routing systems; a review of the process by which user identifications are assigned and user identification records are maintained; a review of usage patterns associated with user identifications to monitor for violations of user identification rules; and reviews of account numbers and customer type indicator codes in trade records to test for accuracy and improper use.	NFA will enforce MKTX SEF's audit trail and recordkeeping requirements through at least annual reviews of all members subject to MKTX SEF's recordkeeping requirements. *See* Exhibit N-1; Exhibit N-3; Rule 210; Rulebook Chapter 7.	Exhibit N-1 Regulatory Services Agreement with NFA Exhibit N-3 (MKTX SEF Compliance Manual) Rule 210 (Compliance Staff and Resources) Chapter 7 (Disciplinary Rules)
(2) Enforcement program required. A swap execution facility shall establish a program for effective enforcement of its audit trail and recordkeeping requirements. An effective program shall identify members and persons and firms subject to the swap execution facility's recordkeeping rules that have failed to maintain high levels of compliance with such requirements, and impose meaningful sanctions when deficiencies are found. Sanctions shall be sufficient to deter recidivist behavior. No more than one warning letter shall be issued to the same person or entity found to have committed the same violation of audit trail or recordkeeping requirements within a rolling twelve month period.	MKTX SEF will rely on NFA to enforce the MKTX SEF audit trail and recordkeeping requirements. *See* Exhibit N-1. MarketAxess SEF Corporation will impose meaningful sanctions when deficiencies are found. *See* Exhibit N-3; Rule 715. No more than one warning letter shall be issued to the same person or entity found to have committed the same violation of MKTX SEF audit trail or recordkeeping requirements within a rolling twelve month period. *See* Exhibit N-3; Rule 715(a)(7).	Exhibit N-1 – Regulatory Services Agreement with NFA Exhibit N-3 (MKTX SEF Compliance Manual) Rule 715 (Sanctions)
§ 37.206 Disciplinary procedures and sanctions. A swap execution facility shall establish trading, trade processing, and participation rules that will deter abuses and have the capacity to enforce such rules through prompt and effective disciplinary action, including suspension or expulsion of members or market participants that violate the rules of the swap execution facility.	The Rulebook establishes trading, trade processing, and participation rules that will deter abuses. *See* Rulebook Chapter 5. MKTX SEF has the capacity to enforce those rules through prompt disciplinary action. *See* Rulebook Chapter 7.	Chapter 5 (Trade Practices and Business Conduct) Chapter 7 (Disciplinary Rules)

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
(a) Enforcement staff. A swap execution facility shall establish and maintain sufficient enforcement staff and resources to effectively and promptly prosecute possible rule violations within the disciplinary jurisdiction of the swap execution facility.	MKTX SEF has and will maintain sufficient enforcement staff and resources to promptly prosecute possible rule violations within its disciplinary jurisdiction. *See* Rule 210.	Rule 210 (Compliance Staff and Resources)
(b) Disciplinary panels. A swap execution facility shall establish one or more disciplinary panels that are authorized to fulfill their obligations under the rules of this subpart. Disciplinary panels shall meet the composition requirements of part 40 of this chapter, and shall not include any members of the swap execution facility's compliance staff or any person involved in adjudicating any other stage of the same proceeding.	MKTX SEF will establish one or more disciplinary panels. *See* Rule 710. The disciplinary panel shall not include the Chief Compliance Officer ("CCO"), any employee of the Market Regulation Department, or any person involved in adjudicating any other stage of the same proceeding. *See* Rule 710(b).	Rule 710 (Disciplinary Panel)
(c) Hearings. A swap execution facility shall adopt rules that provide for the following minimum requirements for any hearing: (1) The hearing shall be fair, shall be conducted before members of the disciplinary panel, and shall be promptly convened after reasonable notice to the respondent; and (2) If the respondent has requested a hearing, a copy of the hearing shall be made and shall become a part of the record of the proceeding. The record shall not be required to be transcribed unless: (i) The transcript is requested by Commission staff or the respondent; (ii) The decision is appealed pursuant to the rules of the swap execution facility; or (iii) The decision is reviewed by the Commission pursuant to section 8c of the Act or part 9 of this chapter. In all other instances, a summary record of a hearing is permitted.	After reasonable notice to each respondent, MKTX SEF will promptly convene a fair hearing. *See* Rule 711(b) MKTX SEF will arrange for any hearing conducted in connection with disciplinary proceedings to be recorded. *See* Rule 713(g). If the respondent requests a copy of the recording, MKTX SEF may require the respondent to pay the costs for transcribing the recording of the hearing. *See* Rule 713(g).	Rule 711 (Convening Hearings of Disciplinary Proceedings) Rule 713(g) (Providing for all hearings to be recorded)
(d) Decisions. Promptly following a hearing conducted in accordance with the rules of the swap execution facility, 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: (1) The notice of charges or a summary of the charges;	As promptly as reasonable after a hearing, MKTX SEF will issue a written order rendering its decision based upon the weight of the evidence contained in the record and serve a copy on the respondent and the Market Regulation Department. *See* Rule 714(a); Rule 714(b). The order shall include all information required by § 37.206(d). *See* Rule 714(b).	Rule 714 (Decision of a Hearing Panel)

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
(2) The answer, if any, or a summary of the answer; (3) A summary of the evidence produced at the hearing or, where appropriate, incorporation by reference of the investigation report; (4) A statement of findings and conclusions with respect to each charge, and a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge; (5) An indication of each specific rule that the respondent was found to have violated; and (6) A declaration of all sanctions imposed against the respondent, including the basis for such sanctions and the effective date of such sanctions.		
(e) Disciplinary sanctions. All disciplinary sanctions imposed by a swap execution facility or its disciplinary panels shall be commensurate with the violations committed and shall be clearly sufficient to deter recidivism or similar violations by other market participants. All disciplinary sanctions, including sanctions imposed pursuant to an accepted settlement offer, shall take into account the respondent's disciplinary history. In the event of demonstrated customer harm, any disciplinary sanction shall also include full customer restitution, except where the amount of restitution or to whom it should be provided cannot be reasonably determined.	MKTX SEF will impose sanctions commensurate with the violations committed and sufficient to deter recidivism or similar violations by other market participants. *See* Rule 715. All sanctions shall take into account the respondent's disciplinary history. *See* Rule 715(a). In the event of demonstrated customer harm, any sanction shall include full customer restitution, except where the amount of restitution or to whom it should be provided cannot be reasonably determined. *See* Rule 715(a).	Rule 715 (Sanctions)
(f) Warning letters. Where a rule violation is found to have occurred, no more than one warning letter may be issued per rolling twelve month period for the same violation.	The Rulebook provides that no more than one warning may be issued to the same participant for the same violation in a rolling 12 month period. Rule 715(a)(7).	Rule 715(a)(7) (Limiting the number of times a warning letter may be issued)
(g) Additional sources for compliance. A swap execution facility may refer to the guidance and/or acceptable practices in Appendix B of this part to demonstrate to the Commission compliance with the requirements of § 37.206.	MKTX SEF provides the following additional opportunities to participants: Before a disciplinary proceeding, the Market Regulation Department will prepare a notice of charges. *See* Rule 706. A respondent may respond in writing to a notice of charges within 20 days. *See* Rule 707. If a respondent does not timely answer a notice of charges, that will be deemed an admission to the allegations in such notice. *See* Rule 707(c).	Rule 706 (Notice of Charges) Rule 707 (Answer to Notice of Charges) Rule 701(d) (Providing right to representation) Rule 709 (Settlements) Rule 712 (Respondent Review of Evidence) Rule 713 (Conducting Hearings of Disciplinary Proceedings) Rule 714 (Decision of Hearing Panel) Rule 718 (Summary Suspensions and Other Summary Actions)

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
	Any participant may be represented by counsel or another representative of its choosing during any disciplinary action. *See* Rule 701(d). A respondent may propose an offer of settlement at any time. *See* Rule 709. Before a hearing, each respondent will be given the opportunity to review all books, records, documents, papers, transcripts of testimony, and other tangible evidence under the control of the MarketAxess SEF that the Market Regulation Department will use to support its allegations and proposed sanctions. *See* Rule 712. At a hearing, the Market Regulation Department will present its case to the hearing panel, and the respondent may present evidence, call and examine witnesses, and cross-examine witnesses called by other parties. *See* Rule 713. All persons within MKTX SEF's jurisdiction called as witnesses are required to appear at the hearing and, where applicable, produce evidence. *See* Rule 713(d). MKTX SEF may summarily sanction any person within its jurisdiction that impedes a hearing. *See* Rule 713(f). As promptly as reasonable after a hearing, the hearing panel will issue a written order. *See* Rule 714(a). The MarketAxess SEF may take summary action against a participant if the participant's activities are not in the best interests of the MarketAxess SEF or the marketplace. *See* Rule 718.	
Core Principle 3 (CEA 5h(f)(3)): Swaps Not Readily Susceptible to Manipulation		
§ 37.300 Core Principle 3—Swaps not readily susceptible to manipulation. The swap execution facility shall permit trading only in swaps that are not readily susceptible to manipulation.	MKTX SEF will only list broad-based index credit default swaps that identify as a reference price a reliable third-party index. *See* Exhibit O-3. Any cash settled swaps will be settled based on a reference price that is publicly available on a timely basis. *See* Exhibit O-3. Such swaps will not be subject to manipulation or distortion. *See* Exhibit O-3. MKTX SEF will not list swaps that are settled by	Exhibit O-3 (MKTX SEF Policy Regarding the Listing of Swaps)

13

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
	physical delivery. *See* Exhibit O-3.	
§ 37.301 General requirements. To demonstrate to the Commission compliance with the requirements of § 37.300, a swap execution facility shall, at the time it submits a new swap contract in advance to the Commission pursuant to part 40 of this chapter, provide the applicable information as set forth in Appendix C to part 38 of this chapter—Demonstration of Compliance That a Contract is not Readily Susceptible to Manipulation. A swap execution facility may also refer to the guidance and/or acceptable practices in Appendix B of this part.	Pursuant to CFTC Rule 37.4, MKTX SEF shall submit a swap's terms and conditions to the CFTC prior to offering the swap for the CFTC's approval or certification. *See* Exhibit O-3. MKTX SEF will only list broad-based index credit default swaps that identify as a reference price a reliable third-party index. *See* Exhibit O-3.	Exhibit O-3 (MKTX SEF Policy Regarding the Listing of Swaps)
Core Principle 4 (CEA 5h(f)(4)): Monitoring of Trading and Trade Processing		
§ 37.400 Core Principle 4—Monitoring of trading and trade processing. The swap execution facility shall: (a) Establish and enforce rules or terms and conditions defining, or specifications detailing: (1) Trading procedures to be used in entering and executing orders traded on or through the facilities of the swap execution facility; and (2) Procedures for trade processing of swaps on or through the facilities of the swap execution facility; and	The trading procedures are set forth in Rule 538. MKTX SEF will comply with requirements set forth by the DCOs and FCMs with respect to swaps to be cleared. MKTX SEF will process trades on uncleared swaps as described in Exhibit O-2.	Rule 538 (The MarketAxess SEF Trading System) Exhibit O-2 (MKTX SEF in-house compliance functions)
(b) Monitor trading in swaps to prevent manipulation, price distortion, and disruptions of the delivery or cash settlement process through surveillance, compliance, and disciplinary practices and procedures, including methods for conducting real-time monitoring of trading and comprehensive and accurate trade reconstructions.	MKTX SEF will conduct, or cause to be conducted, real-time monitoring to prevent manipulation, price distortion, and disruptions of the delivery or cash settlement process. *See* Exhibits N-1; N-3; and O-2. NFA will provide monitoring on a T+1 basis. *See* Regulatory Services Agreement with NFA. MKTX SEF has the ability to create comprehensive and accurate trade reconstructions. *See* Exhibit O-2. The MarketAxess SEF disciplines Participants that have violated its trading practices. *See* Chapter 7.	Exhibit N-1 – Regulatory Services Agreement with NFA Exhibit N-3 (MKTX SEF Compliance Manual) Exhibit O-2 (MKTX SEF in-house compliance functions)
§ 37.401 General requirements. A swap execution facility shall: (a) Collect and evaluate data on its market participants' market activity on an ongoing basis in order to detect and prevent manipulation, price distortions, and,	MKTX SEF will cause data on its market participants' market activity to be collected and evaluated on an ongoing basis. *See* Regulatory Service Agreement with	Exhibit N-1 - Regulatory Service Agreement with NFA Rule 214(e) (Maintenance of Books and Records) Exhibit O-2 (MKTX SEF in-house compliance functions)

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
where possible, disruptions of the physical-delivery or cash-settlement process;	NFA; Rule 214(e); Exhibit O-2.	
(b) Monitor and evaluate general market data in order to detect and prevent manipulative activity that would result in the failure of the market price to reflect the normal forces of supply and demand;	MKTX SEF will cause general market data to be evaluated to detect and prevent manipulative activity. *See* Regulatory Service Agreement with NFA; Exhibit O-2.	
(c) Demonstrate an effective program for conducting real-time monitoring of trading for the purpose of detecting and resolving abnormalities; and	MKTX SEF will conduct, or cause to be conducted, real-time trade monitoring. *See* Exhibit O-2.	
(d) Demonstrate the ability to comprehensively and accurately reconstruct daily trading activity for the purpose of detecting instances or threats of manipulation, price distortion, and disruptions.	MKTX SEF is able to comprehensively and accurately reconstruct daily trading activity to detect manipulation, price distortion, and disruptions. *See* Exhibit N-1; Exhibit O-2.	
§ 37.402 Additional requirements for physical-delivery swaps. For physical-delivery swaps, the swap execution facility shall demonstrate that it: (a) Monitors a swap's terms and conditions as they relate to the underlying commodity market; and (b) Monitors the availability of the supply of the commodity specified by the delivery requirements of the swap.	MKTX SEF will not list swaps that are settled by physical delivery. *See* Exhibit O-3.	Exhibit O-3 (MKTX SEF Policy Regarding the Listing of Swaps)
§37.403 Additional requirements for cash-settled swaps. (a) For cash-settled swaps, the swap execution facility shall demonstrate that it monitors the pricing of the reference price used to determine cash flows or settlement;	Any cash settled swaps will be settled based on a reference price that is a reliable third-party index and for which pricing information is publicly available on a timely basis. *See* Exhibit O-3. MKTX SEF will conduct due diligence on an ongoing basis to ensure the reference price of the third-party indices on which the listed broad-based index credit default swaps are based are not susceptible to manipulation. *See* Exhibit O-3.	Exhibit O-3 (MKTX SEF Policy Regarding the Listing of Swaps)
(b) For cash-settled swaps listed on the swap execution facility where the reference price is formulated and computed by the swap execution facility, the swap execution facility shall demonstrate that it monitors the	MKTX SEF will not formulate or compute the reference price. *See* Exhibit O-3.	

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
continued appropriateness of its methodology for deriving that price; and (c) For cash-settled swaps listed on the swap execution facility where the reference price relies on a third-party index or instrument, including an index or instrument traded on another venue, the swap execution facility shall demonstrate that it monitors the continued appropriateness of the index or instrument.	*See* response to §37.403(a).	
§37.404 Ability to obtain information. (a) A swap execution facility shall demonstrate that it has access to sufficient information to assess whether trading in swaps listed on its market, in the index or instrument used as a reference price, or in the underlying commodity for its listed swaps is being used to affect prices on its market. (b) A swap execution facility shall have rules that require its market participants to keep records of their trading, including records of their activity in the index or instrument used as a reference price, the underlying commodity, and related derivatives markets, and make such records available, upon request, to the swap execution facility or, if applicable, to its regulatory service provider, and the Commission.	MKTX SEF can obtain position and trading information of its market participants directly from the market participants. *See* Rule 214(e). MKTX SEF requires participants to keep records of activity in the index or instrument used as a reference price, the underlying commodity, and related derivatives markets and make such records available, upon request, to MKTX SEF, NFA, and the CFTC. *See* Rule 214(e).	Rule 214(e) (Maintenance of Books and Records)
§ 37.405 Risk controls for trading. The swap execution facility shall establish and maintain risk control mechanisms to prevent and reduce the potential risk of market disruptions, including, but not limited to, market restrictions that pause or halt trading under market conditions prescribed by the swap execution facility.	To prevent and reduce the potential risk of market disruptions in the event of an emergency, MKTX SEF can suspend or curtail trading. *See* Rule 212(a)(1). MKTX has the ability to pause or halt trading for the purpose of preventing market disruptions or price distortions or in response to a request to do so from the CFTC or an FCM. *See* Rule 541.	Rule 212(a)(1) (Emergency Rules) Rule 541 (Trading Pauses and Halts)
§ 37.406 Trade reconstruction. The swap execution facility shall have the ability to comprehensively and accurately reconstruct all trading on its facility. All audit-trail data and reconstructions shall be made available to the Commission in a form, manner, and time that is acceptable to the Commission.	MKTX SEF can comprehensively and accurately reconstruct all trading on its facility. *See* Exhibit O-2. All audit trail data and reconstructions shall be made available to the CFTC in a form and manner acceptable to the CFTC. *See* Rule 214(d).	Exhibit O-2 (MKTX SEF in-house compliance functions) Rule 214(d) (Requiring reports to be in a form and manner acceptable to the CFTC)
§ 37.407 Regulatory service provider. A swap execution facility shall comply with the regulations in this subpart through a dedicated regulatory department or	MKTX SEF has contracted with NFA to be its regulatory service provider pursuant to § 37.204. *See* Rule 216; Regulatory Services Agreement with NFA.	Rule 216 (Services Agreement with a Regulatory Services Provider) Exhibit N-1 Regulatory Services Agreement with NFA

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
by contracting with a regulatory service provider pursuant to § 37.204.		
§ 37.408 Additional sources for compliance. A swap execution facility may refer to the guidance and/or acceptable practices in Appendix B of this part to demonstrate to the Commission compliance with the requirements of § 37.400.		
Core Principle 5 (CEA 5h(f)(5)): Ability to Obtain Information		
§ 37.500 Core Principle 5—Ability to obtain information. The swap execution facility shall: (a) Establish and enforce rules that will allow the facility to obtain any necessary information to perform any of the functions described in section 5h of the Act; (b) Provide the information to the Commission on request; and (c) Have the capacity to carry out such international information-sharing agreements as the Commission may require.	The Rulebook requires participants to maintain, or to cause to be maintained, books and records and to make the books and records available for inspection by the SEF, CFTC or DOJ. *See* Rules 214(d) and (e); 401(k); 403(a). Upon request, MKTX SEF will provide to the CFTC such information as required to be provided pursuant to the CEA or CFTC regulations. *See* Rules 214(d) and (e); Rule 213(j). MarketAxess may also enter into other arrangements, including international information-sharing agreements, as the Commission may require. *See* Rule 215(b).	Rule 401(k) (Requiring participants to keep complete and accurate books and records) Rule 403(a) (Permitting the MKTX SEF to inspect a Participant's books and records) Rule 214(d) (Requiring MKTX SEF to provide to the CFTC information required to be provided by the CEA or CFTC regulations) Rule 214(e) (Maintenance of Books and Records) Rule 213(j) (Permitting MKTX SEF to share non-public data with the CFTC and CFTC registered SROs when necessary for regulatory purposes) Rule 215(b) (Permitting MKTX SEF to enter into information-sharing agreements with foreign regulatory authorities)
§ 37.501 Establish and enforce rules. A swap execution facility shall establish and enforce rules that will allow the swap execution facility to have the ability and authority to obtain sufficient information to allow it to fully perform its operational, risk management, governance, and regulatory functions and any requirements under this part, including the capacity to carry out international information-sharing agreements as the Commission may require.	The Rulebook authorizes MKTX SEF to obtain sufficient information to allow it to fully perform its duties. *See* Rule 215; Rule 401(k); Rule 403; Rule 702(f); 717(a)(3); Rule 214(e).	Rule 215 (Information-Sharing Agreements) Rule 401(k) (Requiring participants to keep books and records) Rule 403 (Inspections by the MarketAxess SEF) Rule 702(f) (Obligating participants to produce records) Rule 717(a)(3) (Authorizing imposition of fines for failing to keep requisite books and records) Rule 214(e) (Maintenance of Books and Records)
§ 37.502 Collection of information. A swap execution facility shall have rules that allow it to collect information on a routine basis, allow for the collection of non-routine data from its market participants, and allow for its examination of books and records kept by the market participants on its facility.	The Rulebook requires participants to keep books and records and keep those books and records available for inspection by MKTX SEF, the CFTC, and the DOJ. *See* Rule 213(j); Rule 214; Rule 401(k); Rule 403; Rule 702(f).	Rule 214 (Maintenance of Books and Records) Rule 213(j) (Permitting MKTX SEF to share non-public data with the CFTC and CFTC registered SROs when necessary for regulatory purposes) Rule 401(k) (Requiring participants to keep books and records)

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
		Rule 403 (Inspections by the MarketAxess SEF)
		Rule 702(f) (Obligating participants to produce records)
§ 37.503 Provide information to the Commission. A swap execution facility shall provide information in its possession to the Commission upon request, in a form and manner that the Commission approves.	*See* response to 37.500(b) above.	*See* response to 37.500(b) above.
§ 37.504 Information-sharing agreements. A swap execution facility shall share information with other regulatory organizations, data repositories, and third-party data reporting services as required by the Commission or as otherwise necessary and appropriate to fulfill its self-regulatory and reporting responsibilities. Appropriate information-sharing agreements can be established with such entities or the Commission can act in conjunction with the swap execution facility to carry out such information sharing.	MKTX SEF may enter into information sharing agreements with any person including, without limitation, the CFTC, the NFA, any SRO market, any clearing organization, or any foreign regulatory authority if MKTX SEF considers such arrangement to be in furtherance of MKTX SEF's purpose or duties under the Rules (as defined in Rule 101) or applicable law. *See* Rule 215.	Rule 215 (Information-Sharing Agreements)
Core Principle 6 (CEA 5h(f)(6)): Position Limits or Accountability		
§ 37.600 Core Principle 6—Position limits or accountability. (a) In general. To reduce the potential threat of market manipulation or congestion, especially during trading in the delivery month, a swap execution facility that is a trading facility shall adopt for each of the contracts of the facility, as is necessary and appropriate, position limitations or position accountability for speculators. (b) Position limits. For any contract that is subject to a position limitation established by the Commission pursuant to section 4a(a) of the Act, the swap execution facility shall: (1) Set its position limitation at a level no higher than the Commission limitation; and (2) Monitor positions established on or through the swap execution facility for compliance with the limit set by the Commission and the limit, if any, set by the swap execution facility.	MKTX SEF will establish and enforce, as is necessary and appropriate, position accountability levels for swaps that trade on its SEF. *See* Rule 531. MKTX SEF has reserved the authority to adopt speculative position limits, as is necessary and appropriate. *See* Rule 530(a). MKTX SEF will monitor positions established on or through the MKTX SEF for compliance with the limit set by the CFTC and the limit, if any, set by MKTX SEF. *See* Rule 530(b)(2).	Rule 530 (Position Limits and Exemptions) Rule 531 (Position Accountability)
§ 37.601 Additional sources for compliance. Until such time that compliance is required under part 151 of this chapter, a swap execution facility may refer to the guidance and/or acceptable practices in Appendix B of this part to demonstrate to the Commission compliance with the requirements of § 37.600.	*See* response to § 37.600 immediately above.	
Core Principle 7: Financial Integrity of Transactions		
§ 37.700 Core Principle 7—Financial integrity of transactions. The swap execution facility shall establish and enforce rules	*See* response to § 37.701 and § 37.702 below.	*See* response to § 37.701 and § 37.702 below.

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
and procedures for ensuring the financial integrity of swaps entered on or through the facilities of the swap execution facility, including the clearance and settlement of the swaps pursuant to section 2(h)(1) of the Act.		
§ 37.701 Required clearing. Transactions executed on or through the swap execution facility that are required to be cleared under section 2(h)(1)(A) of the Act or are voluntarily cleared by the counterparties shall be cleared through a Commission-registered derivatives clearing organization, or a derivatives clearing organization that the Commission has determined is exempt from registration.	All MKTX SEF swaps subject to the clearing mandate under CEA 2(h)(1) and all MKTX SEF swaps that are voluntarily cleared will be cleared through a DCO that is CFTC-registered or exempt from such registration. *See* Rule 901.	Rule 901 (Clearing of Swaps);
§ 37.702 General financial integrity. A swap execution facility shall provide for the financial integrity of its transactions: (a) By establishing minimum financial standards for its members, which shall, at a minimum, require that members qualify as an eligible contract participant as defined in section 1a(18) of the Act;	MKTX SEF requires each participant and customer of a participant to be, and to remain, an eligible contract participant. *See* Rules 301, 407, and 404(b). MKTX SEF further requires its participant firms to be and to remain of good reputation and business integrity and to maintain adequate financial resources and credit. *See Rule 301.*	Rule 301 (Criteria for Becoming a Participant Firm) Rule 407 (Customers) Rule 404(b) (Requiring each Participant to be and remain an eligible contract participant)
(b) For transactions cleared by a derivatives clearing organization: (1) By ensuring that the swap execution facility has the capacity to route transactions to the derivatives clearing organization in a manner acceptable to the derivatives clearing organization for purposes of clearing and; (2) By coordinating with each derivatives clearing organization to which it submits transactions for clearing, in the development of rules and procedures to facilitate prompt and efficient transaction processing in accordance with the requirements of § 39.12(b)(7) of this chapter.	MKTX SEF has the capacity to route transactions to a DCO in a manner acceptable to the DCO for purposes of clearing. *See* Rule 901. MKTX SEF will coordinate with each DCO to which it submits transactions for clearing, in the development of rules and procedures to ensure prompt and efficient transaction processing. *See* Rule 901.	Rule 901 (Clearing of Swaps)
§37.703 Monitoring for financial soundness. A swap execution facility shall monitor its members to ensure that they continue to qualify as eligible contract participants as defined in section 1a(18) of the Act.	*See* response to § 37.702 immediately above.	

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
Core Principle 8: Emergency Authority		
§ 37.800 Core Principle 8—Emergency authority. The swap execution facility shall adopt rules to provide for the exercise of emergency authority, in consultation or cooperation with the Commission, as is necessary and appropriate, including the authority to liquidate or transfer open positions in any swap or to suspend or curtail trading in a swap.	MKTX SEF has adopted rules that provide for the exercise of emergency authority, in consultation or cooperation with the Commission, as is necessary and appropriate, including the authority to order the liquidation or transfer of open positions in any swap or to suspend or curtail trading in a swap. *See* Rules 212 and 101.	Rule 212 (Emergency Rules) Rule 101 (defining Emergency)
§ 37.801 Additional sources for compliance. A swap execution facility may refer to the guidance and/or acceptable practices in Appendix B of this part to demonstrate to the Commission compliance with the requirements of § 37.800.	*See* response to § 37.800 immediately above. In addition, the Rulebook provides for procedures and guidelines for decision-making and implementation of emergency intervention that avoids conflicts of interest. *See* rule 213.	Rule 213 (Conflicts of Interest and Misuse of Material, Non-Public Information)
Core Principle 9: Timely Publication of Trading Information		
§ 37.900 Core Principle 9—Timely publication of trading information. (a) In general. The swap execution facility shall make public timely information on price, trading volume, and other trading data on swaps to the extent prescribed by the Commission.	MKTX SEF will transmit swap transaction and pricing data to a swap data repository registered with the CFTC as soon as technologically practicable after a publicly reportable swap transaction has been executed on or pursuant to the rules of MKTX SEF in accordance with CFTC Rule 43.3(b)(1). *See* Rule 533.	Rule 533 (SDR Reporting)
(b) Capacity of swap execution facility. The swap execution facility shall be required to have the capacity to electronically capture and transmit trade information with respect to transactions executed on the facility.	MKTX SEF has the capacity to electronically capture and transmit trade information with respect to transactions executed on MKTX SEF. *See* Exhibit S.	Exhibit S (Discussion of how trading data will be maintained)
§ 37.901 General requirements. With respect to swaps traded on or through a swap execution facility, each swap execution facility shall: (a) Report specified swap data as provided under part 43 and part 45 of this chapter; and	MKTX SEF will report all data as required by parts 43 and 45 of the CFTC's regulations. *See* Rule 533.	Rule 533 (SDR Reporting)
(b) Meet the requirements of part 16 of this chapter.	MKTX SEF will record and report all data required by part 16 of the CFTC's regulations. *See* Rule 532.	Rule 532 (Publication of Market Data)
Core Principle 10: Recordkeeping and Reporting		
§ 37.1000 Core Principle 10— Recordkeeping and reporting. (a) In general. A swap execution facility shall:	MKTX SEF will keep, or cause to be kept, complete and accurate books and records of all activities relating to	Rule 214 (Maintenance of Books and Records)

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
(1) Maintain records of all activities relating to the business of the facility, including a complete audit trail, in a form and manner acceptable to the Commission for a period of five years;	the business of MKTX SEF, including complete audit trails, for at least five years and will make such books and records readily accessible for inspection during the first two years of such five year period. *See* Rules 214(a) and (b).	
(2) Report to the Commission, in a form and manner acceptable to the Commission, such information as the Commission determines to be necessary or appropriate for the Commission to perform the duties of the Commission under the Act; and	MKTX SEF will report to the CFTC in a form and manner acceptable to the CFTC, information required by the CEA or CFTC regulations. *See* Rule 214(d).	
(3)   Keep any such records relating to swaps defined in section 1a(47)(A)(v) of the Act open to inspection and examination by the Securities and Exchange Commission.

(b) Requirements. The Commission shall adopt data collection and reporting requirements for swap execution facilities that are comparable to corresponding requirements for derivatives clearing organizations and swap data repositories. | MKTX SEF will keep, or cause to be kept, records relating to security-based swap agreements open to inspection and examination by the SEC. *See* Rule 214(c). | |
| § 37.1001 Recordkeeping.
A swap execution facility shall maintain records of all activities relating to the business of the facility, in a form and manner acceptable to the Commission, for a period of at least five years. A swap execution facility shall maintain such records, including a complete audit trail for all swaps executed on or subject to the rules of the swap execution facility, investigatory files, and disciplinary files, in accordance with the requirements of § 1.31 and part 45 of this chapter. | *See* response to 37.1000 immediately above. | *See* response to 37.1000 immediately above. |
| **Core Principle 11: Antitrust Considerations** | | |
| §37.1100 Core Principle 11—Antitrust considerations. Unless necessary or appropriate to achieve the purposes of the Act, the swap execution facility shall not:
(a)   Adopt any rules or take any actions that result in any unreasonable restraint of trade; or
(b)   Impose any material anticompetitive burden on trading or clearing. | MKTX SEF is independent and is not affiliated with any DCO, DCM, other SEF or SDR.
MKTX SEF has not adopted any rules or taken any actions that result in any unreasonable restraint of trade.
MKTX SEF has not imposed any material anticompetitive burden on trading or clearing. | |
| § 37.1101 Additional sources for compliance.
A swap execution facility may refer to the guidance and/or acceptable practices in Appendix B of this part to | *See* response to 37.1100 immediately above. | |

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
demonstrate to the Commission compliance with the requirements of § 37.1100.		
Core Principle 12: Conflicts of Interest		
§ 37.1200 Core Principle 12—Conflicts of interest. The swap execution facility shall: (a) Establish and enforce rules to minimize conflicts of interest in its decision-making process; and (b) Establish a process for resolving the conflicts of interest.	Rules 209(b)(4) and 213 minimize conflicts of interest in decision-making processes and establish a process for identifying and resolving conflicts of interest. Rule 202 requires that has elected for at least 35% of the MKTX SEF Board be composed of public directors. *See* Rule 202. The Regulatory Oversight Committee shall independently resolve any conflicts of interest that may arise involving the Chief Compliance Officer. *See* Rule 208(d)(3).	Rule 209(b)(4) (Providing that the CCO shall have a duty to monitor for and resolve certain conflicts of interest that may arise) Rule 213 (Conflicts of Interest and Misuse of Material, Non-Public Information) Rule 202 (Board) Rule 208(d)(3) (Conflicts of Interest involving the CCO)
Core Principle 13: Financial Resources		
§ 37.1300 Core Principle 13—Financial resources. (a) In general. The swap execution facility shall have adequate financial, operational, and managerial resources to discharge each responsibility of the swap execution facility. (b) Determination of resource adequacy. The financial resources of a swap execution facility shall be considered to be adequate if the value of the financial resources exceeds the total amount that would enable the swap execution facility to cover the operating costs of the swap execution facility for a one-year period, as calculated on a rolling basis.	MKTX SEF is adequately capitalized and has adequate financial, operational, and managerial resources to discharge each of its responsibilities. *See* Exhibits I-1 and I-2. MKTX SEF's resources exceed, and will continue to exceed, its operating costs for a one-year period (calculated on a rolling basis). *See* Exhibits I-1 and I-2.	Exhibits I-1 and 2 (*pro forma* financial statements and accompanying narrative)
§ 37.1301 General requirements. (a) A swap execution facility shall maintain financial resources sufficient to enable it to perform its functions in compliance with the core principles set forth in section 5h of the Act. (b) An entity that operates as both a swap execution facility and a derivatives clearing organization shall also comply with the financial resource requirements of § 39.11 of this chapter. (c) Financial resources shall be considered sufficient if their value is at least equal to a total amount that would enable the swap execution facility to cover its operating	*See* response to § 37.1300 above. (MKTX SEF is not a DCO.) *See* response to § 37.1300 above.	

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
costs for a period of at least one year, calculated on a rolling basis.		
§ 37.1302 Types of financial resources. Financial resources available to satisfy the requirements of § 37.1301 may include: (a)　　The swap execution facility's own capital, meaning its assets minus its liabilities calculated in accordance with U.S. generally accepted accounting principles; and (b)　　Any other financial resource deemed acceptable by the Commission.	MKTX SEF will rely upon MKTX SEF's own capital to satisfy the requirements of § 37.1301. *See* Exhibits I-1 and I-2.	Exhibits I-1 and I-2 (*pro forma* financial statements and accompanying narrative)
§ 37.1303 Computation of projected operating costs to meet financial resource requirement. A swap execution facility shall, each fiscal quarter, make a reasonable calculation of its projected operating costs over a twelve-month period in order to determine the amount needed to meet the requirements of § 37.1301. The swap execution facility shall have reasonable discretion in determining the methodology used to compute such projected operating costs. The Commission may review the methodology and require changes as appropriate.	Each quarter, MKTX SEF will make a reasonable calculation of its projected operating costs over a twelve-month period to determine the amount of financial resources needed to meet the requirements of § 37.1301. *See* Exhibit I-2.	Exhibit I-2 (*pro forma* financial statements and accompanying narrative)
§37.1304 Valuation of financial resources. No less than each fiscal quarter, a swap execution facility shall compute the current market value of each financial resource used to meet its obligations under § 37.1301. Reductions in value to reflect market and credit risk ("haircuts") shall be applied as appropriate.	For information on the financial resources used and requisite valuation thereof, please see Exhibits I-1 and I-2.	Exhibits I-1 and I-2 (*pro forma* financial statements and accompanying narrative)
§37.1305 Liquidity of financial resources. The financial resources allocated by the swap execution facility to meet the requirements of § 37.1301 shall include unencumbered, liquid financial assets (i.e., cash and/or highly liquid securities) equal to at least six months' operating costs. If any portion of such financial resources is not sufficiently liquid, the swap execution facility may take into account a committed line of credit or similar facility for the purpose of meeting this requirement.	The financial resources allocated by MKTX SEF to meet the requirements of § 37.1301 include sufficient unencumbered, liquid financial assets. *See* Exhibits I-1 and I-2.	Exhibits I-1 and I-2 (*pro forma* financial statements and accompanying narrative)
§37.1306 Reporting to the Commission. (a) Each fiscal quarter, or at any time upon Commission request, a swap execution facility shall: (1) Report to the Commission: (i)　　The amount of financial resources necessary to meet the requirements of § 37.1301; and	MKTX SEF will provide reports to the CFTC as required by § 37.1306. *See* Exhibit O-4. Such reports shall include the statements and documentation as prescribed in § 37.1306. *See* Exhibit O-4.	Exhibit O-4 (MKTX SEF Policy Regarding Reporting to the CFTC)

23

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
(ii) The value of each financial resource available, computed in accordance with the requirements of § 37.1304; (2) Provide the Commission with a financial statement, including the balance sheet, income statement, and statement of cash flows of the swap execution facility or of its parent company; (b) The calculations required by paragraph (a) of this section shall be made as of the last business day of the swap execution facility's fiscal quarter. (c) The swap execution facility shall provide the Commission with: (1) Sufficient documentation explaining the methodology used to compute its financial requirements under § 37.1301; (2) Sufficient documentation explaining the basis for its determinations regarding the valuation and liquidity requirements set forth in §§ 37.1304 and 37.1305; and (3) Copies of any agreements establishing or amending a credit facility, insurance coverage, or other arrangement evidencing or otherwise supporting the swap execution facility's conclusions. (d) The reports required by this section shall be filed not later than 40 calendar days after the end of the swap execution facility's first three fiscal quarters, and not later than 60 calendar days after the end of the swap execution facility's fourth fiscal quarter, or at such later time as the Commission may permit, in its discretion, upon request by the swap execution facility.		
§ 37.1307 Delegation of authority. (a) The Commission hereby delegates, until it orders otherwise, to the Director of the Division of Market Oversight or such other employee or employees as the Director may designate from time to time, authority to: (1) Determine whether a particular financial resource under § 37.1302 may be used to satisfy the requirements of § 37.1301; (2) Review and make changes to the methodology used to compute projected operating costs under § 37.1303;		

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
(3) Request reports, in addition to fiscal quarter reports, under § 37.1306(a); and (4) Grant an extension of time to file fiscal quarter reports under § 37.1306(d). (b) The Director may submit to the Commission for its consideration any matter that has been delegated in this section. Nothing in this section prohibits the Commission, at its election, from exercising the authority delegated in this section.		
Core Principle 14: System Safeguards		
§ 37.1400 Core Principle 14—System safeguards. The swap execution facility shall: (a) Establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk, through the development of appropriate controls and procedures, and automated systems, that: (1) Are reliable and secure; and (2) Have adequate scalable capacity;	MarketAxess has established and will maintain a program of risk analysis and oversight to identify and minimize sources of operational risk. *See* Exhibit V Response to Question 2.	Exhibit V-1 Technology Questionnaire Question 2
(b) Establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allow for: (1) The timely recovery and resumption of operations; and (2) The fulfillment of the responsibilities and obligations of the swap execution facility; and	MarketAxess has established and will maintain emergency procedures, backup facilities, and a plan for disaster recovery. *See* Exhibit V Response to Question 7(d); Response to Question 8.	Question 7(d) Question 8
(c) Periodically conduct tests to verify that the backup resources of the swap execution facility are sufficient to ensure continued: (1) Order processing and trade matching; (2) Price reporting; (3) Market surveillance; and (4) Maintenance of a comprehensive and accurate audit trail.	MarketAxess will periodically conduct tests to verify that its backup resources are sufficient. *See* Exhibit V Response to Question 8(q); Response to Question 8(s); Response to Question 8(t).	Question 8(q) Question 8(s) Question 8(t)
§ 37.1401 Requirements. (a) A swap execution facility's program of risk analysis and oversight with respect to its operations and automated systems shall address each of the following categories of risk analysis and oversight: (1) Information security;	MKTX SEF's risk analysis and oversight program addresses the categories enumerated in CFTC regulation 37.1401(a). • Information Security: *See* Exhibit V Response to Question 5.	Question 5 Question 8

25

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
(2) Business continuity-disaster recovery planning and resources; (3) Capacity and performance planning; (4) Systems operations; (5) Systems development and quality assurance; and (6) Physical security and environmental controls.	• Business continuity-disaster recovery planning and resources: *See* Exhibit V Response to Question 8. • Capacity and performance planning: *See* Exhibit V Response to Question 1(a); Response to Question 4(a); Response to Question 7. • Systems operations: *See* Exhibit V Response to Question 2(d)(4); Response to Question 3. • Systems development and quality assurance: *See* Exhibit V Response to Question 2(d)(2); Response to Question 3(b); Response to Question 4. • Physical security and environmental controls: *See* Exhibit V Response to Question 6; Response to Question 2(d)(6).	Question 1(a) Question 4(a) Question 7 Question 2(d)(4) Question 3 Question 2(d)(2) Question 3(b) Question 4 Question 6 Question 2(d)(6)
(b) A swap execution facility shall maintain a business continuity-disaster recovery plan and resources, emergency procedures, and backup facilities sufficient to enable timely recovery and resumption of its operations and resumption of its ongoing fulfillment of its responsibilities and obligations as a swap execution facility following any disruption of its operations. Such responsibilities and obligations include, without limitation, order processing and trade matching; transmission of matched orders to a designated clearing organization for clearing, where appropriate; price reporting; market surveillance; and maintenance of a comprehensive audit trail. The swap execution facility's business continuity-disaster recovery plan and resources generally should enable resumption of trading and clearing of swaps executed on the swap execution facility during the next business day following the disruption. Swap execution facilities determined by the Commission to be critical financial markets pursuant to Appendix E to part 40 of this chapter are subject to more stringent requirements in this regard, set forth in § 40.9 of this chapter.	MKTX SEF will maintain a business continuity-disaster recovery plan and resources, emergency procedures, and backup facilities sufficient to be able to resume its operations and resume its ongoing fulfillment of its responsibilities and obligations during the next business day following any disruption of its operations. *See* Exhibit V Response to Question 8.	Question 8
(c) A swap execution facility that is not determined by the	MKTX SEF will maintain infrastructure and personnel resources of its own that are sufficient to ensure	Question 8

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
Commission to be a critical financial market satisfies the requirement to be able to resume its operations and resume its ongoing fulfillment of its responsibilities and obligations during the next business day following any disruption of its operations by maintaining either: (1) Infrastructure and personnel resources of its own that are sufficient to ensure timely recovery and resumption of its operations and resumption of its ongoing fulfillment of its responsibilities and obligations as a swap execution facility following any disruption of its operations; or (2) Contractual arrangements with other swap execution facilities or disaster recovery service providers, as appropriate, that are sufficient to ensure continued trading and clearing of swaps executed on the swap execution facility, and ongoing fulfillment of all of the swap execution facility's responsibilities and obligations with respect to such swaps, in the event that a disruption renders the swap execution facility temporarily or permanently unable to satisfy this requirement on its own behalf.	timely recovery and resumption of its operations and resumption of its ongoing fulfillment of its responsibilities and obligations as a swap execution facility following any disruption of its operations *See* Exhibit V Response to Question 8.	
(d) A swap execution facility shall notify Commission staff promptly of all: (1) Electronic trading halts and material system malfunctions; (2) Cyber security incidents or targeted threats that actually or potentially jeopardize automated system operation, reliability, security, or capacity; and (3) Activations of the swap execution facility's business continuity-disaster recovery plan.	MKTX SEF will notify CFTC staff promptly upon the occurrence of any event enumerated in CFTC regulation 37.1401(d). *See* Exhibit O-2.	Exhibit O-2 (MKTX SEF in-house compliance functions)
(e) A swap execution facility shall provide Commission staff timely advance notice of all material: (1) Planned changes to automated systems that may impact the reliability, security, or adequate scalable capacity of such systems; and (2) Planned changes to the swap execution facility's program of risk analysis and oversight.	MKTX SEF will provide CFTC staff timely advance notice of all material planned changes to MKTX SEF's (i) automated systems that may impact the reliability, security, or adequate scalable capacity of such systems, and (ii) program of risk analysis and oversight. *See* Exhibit O-2.	Exhibit O-2 (MKTX SEF in-house compliance functions)
(f) A swap execution facility shall provide to the Commission, upon request, current copies of its business continuity-disaster recovery plan and other emergency procedures, its assessments of its operational risks, and other documents	MKTX SEF will provide to the CFTC documents requested by CFTC staff for the purpose of maintaining a current profile of MKTX SEF's automated systems. *See* Exhibit V Response to Question 8.	Question 8

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
requested by Commission staff for the purpose of maintaining a current profile of the swap execution facility's automated systems. (g) A swap execution facility shall conduct regular, periodic, objective testing and review of its automated systems to ensure that they are reliable, secure, and have adequate scalable capacity. A swap execution facility shall also conduct regular, periodic testing and review of its business continuity-disaster recovery capabilities. Pursuant to Core Principle 10 under section 5h of the Act (Recordkeeping and Reporting) and §§ 37.1000 through 37.1001, the swap execution facility shall keep records of all such tests, and make all test results available to the Commission upon request. (h) Part 40 of this chapter governs the obligations of those registered entities that the Commission has determined to be critical financial markets, with respect to maintenance and geographic dispersal of disaster recovery resources sufficient to meet a same-day recovery time objective in the event of a wide-scale disruption. Section 40.9 establishes the requirements for core principle compliance in that respect.	MKTX SEF will conduct regular, periodic, objective testing and review of its automated systems. *See* Exhibit V Response to Question 3(b)(1); Response to Question 3(c)(4); Response to Question 3(e)(5); Response to Question 5(k); Response to Question 6(b); Response to Question 7; Response to Question 8(f); Response to Question 8(q). MKTX SEF will keep records of such tests, and make the results available to the CFTC upon request. *See* Rule 214.	Question 3(b)(1) Question 3(c)(4) Question 3(e)(5) Question 5(k) Question 6(b) Question 7 Question 8(f) Question 8(q) Rule 214 (Maintenance of Books and Records)
Core Principle 15: Designation of Chief Compliance Officer		
§ 37.1500 Core Principle 15—Designation of chief compliance officer. (a) In general. Each swap execution facility shall designate an individual to serve as a chief compliance officer. (b) Duties. The chief compliance officer shall: (1) Report directly to the board or to the senior officer of the facility; (2) Review compliance with the core principles in this subsection;	The Rulebook requires the Board of Directors to appoint a CCO. *See* Rule 209(a). The CCO shall report to the Chief Executive Officer. *See* Rule 209(d)(1). The CCO shall oversee, review, and reasonably ensure MKTX SEF's compliance with the CEA and CFTC regulations, including the core principles for SEFs. *See*	Rule 209 (Chief Compliance Officer)

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
	Rule 209(b)(3).	
(3) In consultation with the board of the facility, a body performing a function similar to that of a board, or the senior officer of the facility, resolve any conflicts of interest that may arise;	In consultation with the Chief Executive Officer and the Regulatory Oversight Committee, the CCO shall monitor for and resolve conflicts of interest. *See* Rule 209(b)(4).	
(4) Be responsible for establishing and administering the policies and procedures required to be established pursuant to this section;	The CCO is responsible for establishing and administering the requisite policies and procedures. *See* Rule 209(b)(2).	
(5) Ensure compliance with the Act and the rules and regulations issued under the Act, including rules prescribed by the Commission pursuant to section 5h of the Act; and	The CCO will oversee, review, and reasonably ensure MKTX SEF's compliance with the CEA and CFTC regulations. *See* Rule 209(b)(3).	
(6) Establish procedures for the remediation of noncompliance issues found during compliance office reviews, look backs, internal or external audit findings, self-reported errors, or through validated complaints.	The CCO will establish procedures for the remediation of noncompliance issues identified by the CCO through a compliance office review, look back, internal or external audit finding, self-reported error, or through validated complaint. *See* Rule 209(b)(5)(i).	
(c) Requirements for procedures. In establishing procedures under paragraph (b)(6) of this section, the chief compliance officer shall design the procedures to establish the handling, management response, remediation, retesting, and closing of noncompliance issues.	The CCO will establish and administer procedures addressing the handling, management response, remediation, retesting, and closing of noncompliance issues. *See* Rule 209(b)(5)(ii).	
(d) Annual reports—(1) In general. In accordance with rules prescribed by the Commission, the chief compliance officer shall annually prepare and sign a report that contains a description of: (i) The compliance of the swap execution facility with the Act; and (ii) The policies and procedures, including the code of ethics and conflict of interest policies, of the swap execution facility. (2) Requirements. The chief compliance officer shall: (i) Submit each report described in paragraph (d)(1) of this section with the appropriate financial report of the swap execution facility that is required to be submitted to the Commission pursuant to section 5h of the Act; and (ii) Include in the report a certification that, under	The CCO shall prepare and sign an annual compliance report as prescribed in CEA Section 5h(f)(15) and submit it to the Board of Directors and the CFTC. *See* Rule 209(d)(4).	

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
penalty of law, the report is accurate and complete.		
§ 37.1501 Chief compliance officer. (a) Definition of board of directors. For purposes of this part, the term "board of directors" means the board of directors of a swap execution facility, or for those swap execution facilities whose organizational structure does not include a board of directors, a body performing a function similar to a board of directors.	*See* Rule 101 (defining "Board").	Rule 101 (Definitions) Rule 209 (Chief Compliance Officer) Rule 210 (Compliance Staff and Resources) Rule 204 (Qualifications of Directors, Disciplinary Panel Members, Appeal Panel Members, Committee Members, Owners and Officers) Rule 214 (Maintenance of Books and Records)
(b) Designation and qualifications of chief compliance officer— (1) Chief compliance officer required. Each swap execution facility shall establish the position of chief compliance officer and designate an individual to serve in that capacity. (i) The position of chief compliance officer shall carry with it the authority and resources to develop and enforce policies and procedures necessary to fulfill the duties set forth for chief compliance officers in the Act and Commission regulations. (ii) The chief compliance officer shall have supervisory authority over all staff acting at the direction of the chief compliance officer. (2) Qualifications of chief compliance officer. The individual designated to serve as chief compliance officer shall have the background and skills appropriate for fulfilling the responsibilities of the position. No individual disqualified from registration pursuant to sections 8a(2) or 8a(3) of the Act may serve as a chief compliance officer.	The Rulebook requires the Board of Directors to appoint a CCO. *See* Rule 209(a)(1). The CCO has the authority to fulfill the duties set forth in the CEA and CFTC regulations, as described above in connection with 37.1500. The CCO shall have supervisory authority over all staff acting at his direction. *See* Rule 209; Rule 210. The Rulebook requires the Board of Directors to appoint a CCO that the Board has determined has the background and skills appropriate for fulfilling the responsibilities of the position. *See* Rule 209(a)(1). No individual disqualified from registration pursuant to sections 8a(2) or 8a(3) of the Act may serve as a CCO. *See* Rule 204(b)(8).	
(c) Appointment, supervision, and removal of chief compliance office— (1) Appointment and compensation of chief compliance officer. (i) A swap execution facility's chief compliance officer shall be appointed by its board of directors or senior officer. A swap execution facility shall notify the Commission within two business days of appointing any new chief compliance officer, whether interim or permanent. (ii) The board of directors or the senior officer shall	The Rulebook provides that the Board of Directors will appoint the CCO of MKTX SEF and approve his compensation. *See* Rule 209(a). Rule 209(a)(4) provides that MKTX will notify the CFTC within 2 business days of appointing any new CCO. The CCO shall meet with the Board of Directors at least annually and shall meet with the Regulatory Oversight Committee at least quarterly. *See* Rule 209(d).	

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
approve the compensation of the chief compliance officer.		
(iii) The chief compliance officer shall meet with the board of directors at least annually and the regulatory oversight committee at least quarterly.	The CCO shall provide the Board of Directors or the Regulatory Oversight Committee information regarding MKTX SEF's self-regulatory program upon request. *See* Rule 209(d)(3).	
(iv) The chief compliance officer shall provide any information regarding the swap execution facility's self-regulatory program that is requested by the board of directors or the regulatory oversight committee.		
(2) Supervision of chief compliance officer. A swap execution facility's chief compliance officer shall report directly to the board of directors or to the senior officer of the swap execution facility, at the swap execution facility's discretion.	The CCO shall report to the Chief Executive Officer of MKTX SEF. *See* Rule 209(d)(1).	
(3) Removal of chief compliance officer. (i) Removal of a swap execution facility's chief compliance officer shall require the approval of a majority of the swap execution facility's board of directors. If the swap execution facility does not have a board of directors, then the chief compliance officer may be removed by the senior officer of the swap execution facility. (ii) The swap execution facility shall notify the Commission of such removal within two business days.	Only the Board of Directors may remove the CCO which shall require the approval by a majority of the Board, and MKTX SEF must notify the CFTC of such removal within two business days. *See* Rules 209(a)(3) and (4).	
(d) Duties of chief compliance officer. The chief compliance officer's duties shall include, but are not limited to, the following: (1) Overseeing and reviewing the swap execution facility's compliance with section 5h of the Act and any related rules adopted by the Commission; (2) In consultation with the board of directors, a body performing a function similar to the board of directors, or the senior officer of the swap execution facility, resolving any conflicts of interest that may arise, including: (i) Conflicts between business considerations and compliance requirements; (ii) Conflicts between business considerations and the requirement that the swap execution facility provide fair, open, and impartial access as set forth in § 37.202; and; (iii) Conflicts between a swap execution facility's	The Rulebook sets forth the duties of the CCO, which include all of the duties enumerated in CFTC regulation 37.1501(d). *See* Rule 209(b).	

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
management and members of the board of directors; (3) Establishing and administering written policies and procedures reasonably designed to prevent violations of the Act and the rules of the Commission; (4) Taking reasonable steps to ensure compliance with the Act and the rules of the Commission; (5) Establishing procedures for the remediation of noncompliance issues identified by the chief compliance officer through a compliance office review, look-back, internal or external audit finding, self-reported error, or validated complaint; (6) Establishing and following appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues; (7) Establishing and administering a compliance manual designed to promote compliance with the applicable laws, rules, and regulations and a written code of ethics designed to prevent ethical violations and to promote honesty and ethical conduct; (8) Supervising the swap execution facility's self-regulatory program with respect to trade practice surveillance; market surveillance; real-time market monitoring; compliance with audit trail requirements; enforcement and disciplinary proceedings; audits, examinations, and other regulatory responsibilities with respect to members and market participants (including ensuring compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and (9) Supervising the effectiveness and sufficiency of any regulatory services provided to the swap execution facility by a regulatory service provider in accordance with § 37.204.		
(e) Preparation of annual compliance report. The chief compliance officer shall, not less than annually, prepare and sign an annual compliance report that, at a minimum, contains the following information covering the time period since the date on which the swap execution facility became registered with the Commission or since the end of the period covered by a previously filed annual compliance report, as applicable: (1) A description of the swap execution facility's	The CCO must prepare an annual compliance report as prescribed in CFTC regulation 37.1501(e). *See* Rule 209(d)(4).	

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
written policies and procedures, including the code of ethics and conflict of interest policies; (2) A review of applicable Commission regulations and each subsection and core principle of section 5h of the Act, that, with respect to each: (i) Identifies the policies and procedures that are designed to ensure compliance with each subsection and core principle, including each duty specified in section 5h(f)(15)(B) of the Act; (ii) Provides a self-assessment as to the effectiveness of these policies and procedures; and (iii) Discusses areas for improvement and recommends potential or prospective changes or improvements to its compliance program and resources; (3) A list of any material changes to compliance policies and procedures since the last annual compliance report; (4) A description of the financial, managerial, and operational resources set aside for compliance with respect to the Act and Commission regulations, including a description of the swap execution facility's self-regulatory program's staffing and structure, a catalogue of investigations and disciplinary actions taken since the last annual compliance report, and a review of the performance of disciplinary committees and panels; (5) A description of any material compliance matters, including noncompliance issues identified through a compliance office review, look-back, internal or external audit finding, self-reported error, or validated complaint, and an explanation of how they were resolved; and (6) A certification by the chief compliance officer that, to the best of his or her knowledge and reasonable belief, and under penalty of law, the annual compliance report is accurate and complete. (f) Submission of annual compliance report. (1) Prior to submission to the Commission, the chief compliance officer shall provide the annual compliance report to the board of directors of the swap execution facility for its review. If the swap execution facility does not have a board of directors, then the annual compliance report shall be provided to the senior officer for his or her review.	The CCO must submit an annual compliance report to the Board of Directors and the CFTC as prescribed in CFTC regulation 37.1501(f). *See* Rule 209(d)(4).	

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
Members of the board of directors and the senior officer shall not require the chief compliance officer to make any changes to the report. Submission of the report to the board of directors or the senior officer, and any subsequent discussion of the report, shall be recorded in board minutes or a similar written record, as evidence of compliance with this requirement. (2) The annual compliance report shall be submitted electronically to the Commission not later than 60 calendar days after the end of the swap execution facility's fiscal year, concurrently with the filing of the fourth fiscal quarter financial report pursuant to § 37.1306. (3) Promptly upon discovery of any material error or omission made in a previously filed annual compliance report, the chief compliance officer shall file an amendment with the Commission to correct the material error or omission. An amendment shall contain the certification required under paragraph (e)(6) of this section. (4) A swap execution facility may request from the Commission an extension of time to file its annual compliance report based on substantial, undue hardship. Extensions of the filing deadline may be granted at the discretion of the Commission. (g) Recordkeeping. (1) The swap execution facility shall maintain: (i) A copy of the written policies and procedures, including the code of ethics and conflicts of interest policies adopted in furtherance of compliance with the Act and Commission regulations; (ii) Copies of all materials created in furtherance of the chief compliance officer's duties listed in paragraphs (d)(8) and (d)(9) of this section, including records of any investigations or disciplinary actions taken by the swap execution facility; (iii) Copies of all materials, including written reports provided to the board of directors or senior officer in connection with the review of the annual compliance report under paragraph (f)(1) of this section and the board minutes or a similar written record that documents the review of the annual compliance report by the board of directors or senior officer; and	MKTX SEF shall keep, or cause to be kept, complete and accurate books and records of all activities relating to the business of MKTX SEF. *See* Rule 214.	

1126961.04

CORE PRINCIPLES	MKTX SEF Compliance	Relevant Exhibit(s)
(iv) Any records relevant to the swap execution facility's annual compliance report, including, but not limited to, work papers and other documents that form the basis of the report, and memoranda, correspondence, other documents, and records that are (A) Created, sent, or received in connection with the annual compliance report and (B) Contain conclusions, opinions, analyses, or financial data related to the annual compliance report. (2) The swap execution facility shall maintain records in accordance with § 1.31 and part 45 of this chapter. (h) Delegation of authority. The Commission hereby delegates, until it orders otherwise, to the Director of the Division of Market Oversight or such other employee or employees as the Director may designate from time to time, authority to grant or deny a swap execution facility's request for an extension of time to file its annual compliance report under paragraph (f)(4) of this section.		