

## SGX-DC CLEARING RULES AMENDMENTS – EFFECTIVE 16 MAY 2011

### *Rule Amendments to implement Composition Fines System and Mandatory Minimum Penalties framework*

RULE	RATIONALE/PURPOSE OF AMENDMENT	NEW / AMENDED RULES
4.02A		<b>DISCIPLINARY ACTION</b>
4.02A.1	<p>This Rule has been amended to introduce the Composition Fines System as an alternative option to the present disciplinary actions that SGX-DC may take.</p> <p>It is a useful alternative enforcement tool to facilitate the prompt resolution and efficient disposal of cases.</p> <p>The Composition Fines System allows an offender to resolve a rule violation by fulfilling certain conditions without going through the process of Disciplinary Committee hearings.</p>	<p><del>The Clearing House may charge a Clearing Member before the Disciplinary Committee if an investigation or inspection shows that the Clearing Member may have breached any Rules</del></p> <p><u>If an investigation or inspection reveals that a Clearing Member has breached any Rules, the Clearing House may take any of the following forms of disciplinary action, namely:</u></p> <p><u>4.02A.1.1 to charge the Clearing Member before the Disciplinary Committee;</u></p> <p><u>4.02A.1.2 to make an offer of composition to the Clearing Member, if an investigation or inspection reveals that the Clearing Member may have breached any Rule which is indicated in the third column of Schedule A as being compoundable; or</u></p> <p><u>4.02A.1.3 to issue a letter of warning to the Clearing Member.</u></p>
<u>4.02A.1A</u>	<p>This Rule has been added to rationalise the Composition Fines System with the discretion of SGX-DC to refer the offender to the Disciplinary Committee.</p>	<p><u>If the Clearing Member does not accept the offer of composition or comply with the terms of the composition within the stipulated time as prescribed by the Clearing House, the Clearing House may refer the said Clearing Member to the Disciplinary Committee.</u></p>
4.02A.2	No change.	<p>No proceeding or determination in respect of a Rule violation shall be annulled, avoided, called into question or set aside by reason of the fact that the matter under consideration may or should have been dealt with by another committee under this Rules, or that the person concerned was absent from the hearing or any adjournments thereof despite having been given notice thereof.</p>

RULE	RATIONALE/PURPOSE OF AMENDMENT	NEW / AMENDED RULES
<p><a href="#">4.02B</a></p>	<p>This Rule has been added to set out the administration of the Composition Fines System.</p>	<p><a href="#">4.02B</a> <u>Composition by the Clearing House.</u></p> <p><a href="#">4.02B.1</a> <u>The Clearing House may make an offer of composition to a Clearing Member if an investigation or inspection shows that the Clearing Member may have breached any Rules. The terms of the offer of composition include payment of a specified sum to the Clearing House and may include the fulfillment of any accompanying terms that the Clearing House may prescribe.</u></p> <p><a href="#">4.02B.2</a> <u>Upon payment of the specified sum and fulfillment of the accompanying terms by the Clearing Member within the stipulated time, no further proceedings shall be taken against that Clearing Member for that Rule violation.</u></p> <p><a href="#">4.02B.3</a> <u>Acceptance of the offer of composition by the Clearing Member amounts to an admission of liability and the Member will be deemed to have committed the conduct described in the charge.</u></p> <p><a href="#">4.02B.4</a> <u>In respect of Rule violations which the Clearing House may offer composition, guidelines on the range of composition which the Clearing House may offer to a Clearing Member who has committed a Rule violation are indicated in Schedule A.</u></p> <p><a href="#">4.02B.5</a> <u>The Clearing House retains the discretion to offer composition to a Clearing Member of an amount which does not fall within these guidelines, except that the amount of composition that the Clearing House may offer to a Clearing Member shall not exceed S\$10,000 for each Rule violation.</u></p> <p><a href="#">4.02B.6</a> <u>Notwithstanding that a Rule violation is indicated as being compoundable or may be compoundable under Schedule A, the Clearing House retains the discretion not to make an offer of composition to the Clearing Member but instead, to charge the Clearing Member before the Disciplinary Committee.</u></p> <p><a href="#">4.02B.7</a> <u>If the Clearing House has made an offer of composition, it will not commence disciplinary proceedings against a Clearing Member until after the stipulated period for the offer lapses.</u></p> <p><a href="#">4.02B.8</a> <u>For the purposes of determining whether a Rule violation is classified as</u></p>

RULE	RATIONALE/PURPOSE OF AMENDMENT	NEW / AMENDED RULES
		<p><u>a first, second, third or subsequent offence under Schedule A, only previous violations under the same Rule will be taken into consideration.</u></p>
<p><a href="#">4.03A.5</a></p>	<p>This Rule has been added to set out the administration of mandatory minimum penalties that is to be imposed by the Disciplinary Committee.</p> <p>A mandatory minimum penalty complements the Composition Fines System. With a mandatory minimum penalty, the quantum of any penalty imposed for all non-compoundable violations does not fall below the upper end of the range of composition sums. This assists in maintaining an overall consistency in the sentencing approach within the sentencing framework.</p>	<p><a href="#">4.03A.5 Mandatory Minimum Penalties to be Imposed by Disciplinary Committee for certain Rule Violations.</a></p> <p><a href="#">4.03A.5.1 Minimum penalties imposable by the Disciplinary Committee have been stipulated in respect of certain Rule violations, as set out in the seventh column of Schedule A.</a></p> <p><a href="#">4.03A.5.2 Where a minimum penalty has been stipulated in respect of a particular Rule violation, if the Disciplinary Committee is satisfied that the Clearing House has proved on a balance of probabilities that the Clearing Member has committed the conduct described in the charge, the Disciplinary Committee:</a></p> <p><a href="#">a. shall impose a penalty, pursuant to its power under Rule 4.03A.4.3, not lower than the minimum amount as stated in the seventh column of Schedule A, for that particular Rule violation; and</a></p> <p><a href="#">b. may choose to impose, in addition to the penalty in sub-section (i), any one or more of the sanction(s) as set out in Rule 4.03A.4.</a></p>

**SCHEDULE A TO THE SGX-DC CLEARING RULES**

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
<b>Chapter 1 – Application of Rules</b>						
1.01.5	Clearing Member not to operate an account for a person unless such person has been notified of the provisions under this Rules	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
<b>Chapter 2 - Clearing Membership</b>						
2.06.1	Clearing Member to comply with the Rules and the criteria and requirements for Clearing Membership	<i>[Unless otherwise specified in this Schedule]</i>				
		Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.06.1 r/w 2.02.1.2	General Clearing Member or its holding company to have group shareholders' funds of at least S\$100,000,000	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.06.1 r/w 2.02.1.5	General Clearing Member's managerial or executive staff to have a high standard of integrity and level of knowledge	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.06.1 r/w 2.02.1.6	General Clearing Member to have sufficient resources and adequate systems for preserving sound liquidity and financial position.	Not Compoundable	Not Compoundable			\$10,000
2.06.1 r/w 2.02.1.7	General Clearing Member to maintain segregated and adequate back office functions	Not Compoundable	Not Compoundable			\$10,000
2.06.1 r/w 2.02.1.8	General Clearing Member to satisfy requirements and criteria for Clearing Membership which the Clearing House may prescribe from time to time	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.06.1 r/w 2.02A.1.1 & 2.02.1.2	Direct Clearing Member or its holding company to have group shareholders' funds of at least S\$100,000,000	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.06.1 r/w 2.02A.1.1 & 2.02.1.5	Direct Clearing Member's managerial or executive staff to have a high standard of integrity and level of knowledge	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.06.1 r/w 2.02A.1.1 & 2.02.1.6	Direct Clearing Member to have sufficient resources and adequate systems for preserving sound liquidity and financial position.	Not Compoundable	Not Compoundable			\$10,000
2.06.1 r/w 2.02A.1.1 & 2.02.1.7	Direct Clearing Member to maintain segregated and adequate back office functions	Not Compoundable	Not Compoundable			\$10,000
2.06.1 r/w 20.2B.1.4	Bank Clearing Member or its parent bank to have group shareholders' funds of at least S\$100,000,000	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.06.1 r/w 2.02B.1.6	Bank Clearing Member's managerial or executive staff to have a high standard of integrity and level of knowledge	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.06.1 r/w 2.02.1.7	Bank Clearing Member to have sufficient resources and adequate systems for preserving sound liquidity and financial position.	Not Compoundable	Not Compoundable			\$10,000
2.06.1 r/w 2.02.1.8	Bank Clearing Member to maintain segregated and adequate back office functions	Not Compoundable	Not Compoundable			\$10,000
2.06.1 r/w 2.02B.1.9	Bank Clearing Member to satisfy requirements and criteria for such Clearing Membership as the Clearing House may prescribe from time to time	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.06.2	Compliance with SFA	Not Compoundable	Not Compoundable			\$10,000

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.06A	Clearing Member to inform Clearing House immediately of the stipulated events	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.07.1	General Clearing Member incorporated in Singapore to comply with the minimum base capital, Financial, Aggregate Indebtedness Requirement	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.07.1A	Direct Clearing Member incorporated in Singapore to comply with the minimum base capital, Financial, Aggregate Indebtedness Requirement	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.



Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.07.1B	Bank Clearing Member incorporated in Singapore to comply with the minimum base capital, Financial, Aggregate Indebtedness Requirement	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.07.5	Clearing Member incorporated in Singapore to immediately notify the Clearing House if it fails or becomes aware that it will fail to comply with the minimum capital and financial requirements as prescribed	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.07.6	Clearing Member incorporated in Singapore to comply with the directions of the Clearing House where it has failed to comply with the minimum capital and financial requirements	Not Compoundable	Not Compoundable			\$10,000
2.07A.1	Clearing Member incorporated in Singapore to immediately notify the Clearing House of the stipulated failures to meet its financial requirements	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.07A.2	Clearing Member incorporated in Singapore to comply with the directions of the Clearing House where its financial resources have fallen below the specified threshold	Not Compoundable	Not Compoundable			\$10,000
2.07A.3	General Clearing Member and Direct Clearing Member incorporated in Singapore to comply with the direction of the Clearing House where its aggregate indebtedness have exceeded the specified threshold	Not Compoundable	Not Compoundable			\$10,000

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.07B.1	Clearing Member incorporated in Singapore to notify the Clearing House if financial resources fall below the specified threshold	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.07B.3	Clearing Member incorporated in Singapore to comply with the directions of the Clearing House where its financial resources have fallen below the specified threshold	Not Compoundable	Not Compoundable			\$10,000
2.08.1	General Clearing Member incorporated outside Singapore to comply with minimum base capital, Financial, Aggregate Indebtedness Requirement	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.08.1A	Direct Clearing Member incorporated outside Singapore to comply with minimum base capital, Financial, Aggregate Indebtedness Requirement	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.08.1B	Bank Clearing Member incorporated outside Singapore to comply with the minimum base capital, Financial, Aggregate Indebtedness Requirement	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.08.5	Clearing Member incorporated outside Singapore to immediately notify the Clearing House if it fails or becomes aware that it will fail to meet the minimum capital and financial requirements as prescribed	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.08.6	Clearing Member incorporated outside Singapore to comply with the directions of the Clearing House where a Clearing Member has failed to comply with the minimum capital and financial requirements	Not Compoundable	Not Compoundable			\$10,000

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
2.08A.1	Clearing Member incorporated outside Singapore to immediately notify the Clearing House of the stipulated failures to meet its financial requirements	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.08A.2	Clearing Member incorporated outside Singapore to comply with the directions of the Clearing House where its adjusted net head office funds or cash and/or acceptable government securities deposited with the Clearing House have fallen below the specified threshold	Not Compoundable	Not Compoundable			\$10,000

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.08A.3	Clearing Member incorporated outside Singapore to comply with the directions of the Clearing House where its aggregate indebtedness has exceeded the specified threshold	Not Compoundable	Not Compoundable			\$10,000
2.08B.1	Clearing Member incorporated outside Singapore to immediately notify the Clearing House if its adjusted net head office funds or cash and/or acceptable government securities have fallen below the specified threshold	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.



Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.08B.3	Clearing Member incorporated outside Singapore to comply with the directions of the Clearing House where its adjusted net head office funds or cash and/or acceptable government securities deposited with the Clearing House or CDP have fallen below the specified threshold	Not Compoundable	Not Compoundable			\$10,000
2.09.1	General Clearing Member incorporated in Singapore to maintain the stipulated special reserve fund	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.09.2	Special reserve fund not to be available for the declaration of dividends without the approval of the Clearing House	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.10.1	General Clearing Member incorporated outside Singapore to maintain the stipulated special reserve fund	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.10.2	Special reserve fund not to be available for the declaration of dividends without the approval of the Clearing House	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.11.1.1	Clearing Member incorporated in Singapore, except in the case of Bank Clearing Member, not to reduce paid-up capital without prior approval of the Clearing House	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.11.2.1	Clearing Member incorporated in Singapore, except in the case of a Bank Clearing Member, to immediately notify the Clearing House prior to the date of issue of any preference share	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.11.2.2	Clearing Member incorporated in Singapore, except in the case of Bank Clearing Member, not to redeem any redeemable preference share unless the Clearing Member complies with conditions set out	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.11.3.1	Clearing Member incorporated in Singapore to immediately notify the Clearing House when it draws down a qualifying subordinated loan no later than the date of draw down	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.11.3.2	Clearing Member incorporated in Singapore not to repay, whether in part or in full any subordinated loan principal before the maturity date without the prior approval of the Clearing House or any subordinated loan principal that has matured subject to conditions set out	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.11.4.1	Clearing Member, except for a Bank Clearing Member not to make any unsecured loan or advance, pay any dividend or director's fees or increase any director's remuneration without the prior approval of the Clearing House, unless the stipulated conditions are met	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.11.5.1	Clearing Member to maintain minimum capital to meet loss exposure in excess of prescribed price band and to notify the Clearing House that it has fulfilled the requirement	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.13.1.1	Clearing Member to maintain bank accounts in the currencies that may incur settlement and with banks acceptable to the Clearing House	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.13.1.2	Clearing Member to clear OTC Contracts and/or Contracts made on any Relevant Market by such members of the Relevant Market with whom it has agreed to clear	Not Compoundable	Not Compoundable			\$10,000

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.13.1.3	Clearing Member not to carry any account or clear any Contract for the benefit of an employee or officer of another Clearing Member without prior approval of the other Clearing Member	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.13.1.4	Clearing Member not to provide funds, credit or finance any other Clearing Member or member of a Relevant Market without the prior approval of the Clearing House	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.



Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.13.1.5	Clearing Member to provide and maintain Security Deposit in addition to any security deposit requirement that may be required	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.13.1.7	Clearing Member to clear Contracts made on any Relevant Market by any person through any approved electronic trading terminal or facilities provided to it or to such members of the Relevant Market to whom it shall have agreed to provide clearing services	Not Compoundable	Not Compoundable			\$10,000

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.13.1.8	Clearing Member to have in place sufficient resources and establish and maintain adequate internal control and risk management system for its businesses	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.13.1.9	Clearing Member to comply with such other requirements as may be prescribed by the Clearing House from time to time	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.13A.1	Clearing Member to assess business and operational risk and maintain adequate business continuity arrangements	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.13A.2	Clearing Member to document its business continuity arrangements in a business continuity plan	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.13A.3	Clearing Member to demonstrate awareness of risks, mitigating measures and state of readiness by way of attestation to the Board of Directors	Compoundable	\$500	\$1,000	\$2,000	N.A.
2.13A.4	Clearing Member to review and test its business continuity plan regularly	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
	Clearing Member to appoint emergency contact persons and furnish the contact information to the Clearing House	Compoundable	\$500	\$1,000	\$2,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.13A.5	Clearing Member's emergency contact persons to be contactable at all times	Compoundable	\$500	\$1,000	\$2,000	N.A.
	Clearing Member to notify Clearing House in the event of emergencies	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.14.1	Clearing Member to prepare, maintain and keep current books and records required by this Rules and SFA, where they shall be open to inspection and promptly provided to the Clearing House upon request	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.14.2	Clearing Member to file any information requested by the Clearing House within the time period specified in the request	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.14.3	Clearing Member to maintain the ability to provide, in an acceptable form, a complete set of equity system reports to the Clearing House upon the Clearing House's request	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.14.3A	Clearing Member to submit to the Clearing House a report on all its credit facilities with its financial institutions, any change to its credit facilities immediately upon such change, and the identities of the owners or controlling parties for any House Account or Customer Account	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.14.4	Clearing Member to notify Clearing House when it fails to make or keep current the books and records required by the Clearing House and shall thereafter comply with all orders of the Clearing House	Not Compoundable	Not Compoundable			\$10,000
2.15.1	General Clearing Member to furnish the required statutory audit report in accordance with the specified timelines	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.15.1A	Direct Clearing Member to furnish thre required audit report in accordance with the specified timelines	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.15.1B	Bank Clearing Member to furnish the required audit report in accordance with the specified timelines	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.15.2	General Clearing Member or Bank Clearing Member to cause its internal auditors to conduct the required internal audit and submit a report	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.17.1.1	General Clearing Member not to grant any unsecured advance, loan or credit facility to any of its directors or their connected persons	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.



Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.17.1.2	General Clearing Member not to grant any unsecured advance, loan or credit facility to its officers or its employees which exceeds one year's emoluments of the person	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.18.1.1	General Clearing Member or Bank Clearing Member to inform the Clearing House of such information as the Clearing House requires to discharge its segregation obligations under the SFA or enable it to issue the verification of margin funds statement to the Authority	Not Compoundable	Not Compoundable			\$10,000
2.18.3	Clearing Member not to fix the Clearing House with a notice of fact or claim in respect of any Third Party	Not Compoundable	Not Compoundable			\$10,000

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.19.1	Clearing Member to provide Clearing House with the required information in relation to Omnibus Accounts	Compoundable	\$500	\$1,000	\$2,000	N.A.
2.19.3	Clearing Member to ensure that the Omnibus Account is operated at all times in accordance with the Rules	<i>[Unless otherwise specified in this Schedule]</i>				
		Compoundable	\$500	\$1,000	\$2,000	N.A.
	Clearing Member to notify Clearing House of any failure by the Omnibus Account Holder to disclose its gross long and short positions	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.19.4	Clearing Member to comply with the orders of the Clearing House if the Omnibus Account Holder fails to make the required disclosure	Not Compoundable	Not Compoundable			\$10,000
	Clearing Member to ensure that Omnibus Account Holder is aware of this Rule.	Compoundable	\$500	\$1,000	\$2,000	N.A.
2.20.3	Clearing Member to ensure compliance with respective position limits prescribed by Clearing House	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.20.4	Clearing Member to furnish such documents as the Clearing House may require where the aggregate maintenance margins exceed such relevant amount as may be prescribed by the Clearing House	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.20B	Clearing Member to withhold profits from overtrading upon notification by the Clearing House	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.21.1	Clearing Member to ensure that its Memorandum and Articles of Association conform to this Rules	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.22.1.1	Clearing Member to notify the Clearing House of any change in ownership	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.22.1.2	Clearing Member to notify the Clearing House of any change in circumstances which may alter the control of itself	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.22.1.3	Clearing Member to notify the Clearing House of any change in director	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.22.1.4	Clearing Member to notify the Clearing House of any change in name	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.22.1.5	Clearing Member to notify the Clearing House of change to constitutive documents	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.22.1.6	Clearing Member to notify the Clearing House of the death or bankruptcy of a director	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.22.1.7	Clearing Member to notify the Clearing House of the engagement or involvement in any new business or change in business	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.22.1.8	Clearing Member to notify Clearing House of any change in senior management	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.23.1.1	Clearing Member to notify the Clearing House of the stipulated reduction in capital within the timelines	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.23.1.2	Clearing Member to immediately notify the Clearing House of any under-segregation	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.24	General Clearing Member or Direct Clearing Member not to appoint CEO, Deputy CEO unless the prior written approval of the Clearing House is obtained	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.25	Clearing Member to inform and consult the Clearing House at least 30 days prior to any general meeting where new auditors are to be appointed	Compoundable	\$500	\$1,000	\$2,000	N.A.



Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.26.1	Clearing Member to submit to the Clearing House such financial statements and in accordance with such timelines as required by the Clearing House	Not Compoundable	Not Compoundable			\$10,000
2.26.2	Clearing Member to keep records of formal computations of capital and financial requirements	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.27	Clearing Member to notify the Clearing House of under-margined Customer Accounts and House Accounts	Not Compoundable	Not Compoundable			\$10,000
2.28.2	Clearing Member to comply with the stipulated procedures for resigning	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.30.1A	Clearing Member to notify Clearing House upon becoming insolvent or upon occurrence of any of the events stated in Rule 2.30.1	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
2.31.1.1	Clearing Member to deliver margins to Clearing House to be entrusted to Clearing Member(s) to handle transaction for defaulted Clearing Member	Not Compoundable	Not Compoundable			\$10,000
2.33.2	Suspended or Expelled Clearing Member not to take on or clear new Contracts	Not Compoundable	Not Compoundable			\$10,000
2.35.2	Clearing Member to notify relevant parties in an event of Force Majeure	Not Compoundable	Not Compoundable			\$10,000

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
2.35A.5	Clearing Member to pay Termination Amount (if negative) to Clearing House	Not Compoundable	Not Compoundable			\$10,000
2.37.1	Clearing Member to ensure that agreements with Third Parties provide that all Contracts are subject to the Rules, SFA and SFR and that this is agreed upon.	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
<b>Chapter 4 – Enforcement of Rules</b>						
4.01A.3	Clearing Member to cooperate with Clearing House investigations	Not Compoundable	Not Compoundable			\$10,000
4.01A.4	Clearing Member, director, officer, employee not to wilfully make or furnish false information to Clearing House	Not Compoundable	Not Compoundable			\$10,000

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
4.01B.2	Clearing Member, director, officer, employee to give Clearing House access to information, books and records	Not Compoundable	Not Compoundable			\$10,000
4.01B.4	Clearing Member to pay fees for inspection by Exchange	Compoundable	\$500	\$1,000	\$2,000	N.A.
4.04A.4.2	Clearing Member to give the Clearing House a written undertaking not to disclose information received in relation to the charge	Not Compoundable	Not Compoundable			\$10,000
4.04A.4.3	Clearing Member not to breach written undertaking not to disclose information received in relation to the charge	Not Compoundable	Not Compoundable			\$10,000

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
4.06A.5.2	Clearing Member not to disclose information received in relation to the appeal	Not Compoundable	Not Compoundable			\$10,000
4.12.1.1	Clearing Member not to be guilty of fraud or act of bad faith or dishonest conduct	Not Compoundable	Not Compoundable			\$10,000
4.12.1.2	Clearing Member not to make a material misstatement to the Board, the Clearing House or to a committee, or in relation to any information supplied to the Clearing House or its officials	Not Compoundable	Not Compoundable			\$20,000
4.12.1.3	Clearing Member to take steps to prevent further Contracts having to be cleared by it after its insolvency	Not Compoundable	Not Compoundable			\$10,000

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
4.12.1.4	Clearing Member not to refuse to appear before the Board, or any committee at a duly convened hearing, or in connection with any investigation, refuse to fully answer all questions or produce all books and records at any audit, hearing or investigation, or give false testimony, or fail to produce any books or records requested by the Clearing House staff in connection with an investigation etc	Not Compoundable	Not Compoundable			\$10,000

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
4.12.1.5	Clearing Member not to make use of or reveal any confidential information obtained by reason of participating in any investigative proceeding or hearing	Not Compoundable	Not Compoundable			\$10,000
4.12.1.6	Clearing Member to maintain minimum financial requirements and the required Security Deposit	Not Compoundable	Not Compoundable			\$10,000
4.12.1.7	Clearing Member not to commit an act which is substantially detrimental to the interests of the Clearing House	Not Compoundable	Not Compoundable			\$10,000

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
4.12.1.8	Clearing Member not to refuse to comply with a final arbitration award	Not Compoundable	Not Compoundable			\$10,000
4.12.1.9	Clearing Member not to refuse, after hearing, to comply with an order of any hearing committee	Not Compoundable	Not Compoundable			\$10,000
4.12.1.10	Clearing Member not to violate any provision under this Rules which	<i>[Unless otherwise specified in this Schedule]</i>				\$10,000
		Not Compoundable	Not Compoundable			
4.12.1.11	Clearing Member to comply with any written directive from the Clearing House or any other officer or committee of the Clearing House	Not Compoundable	Not Compoundable			\$10,000



Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
4.12.1.12	Clearing Member to maintain and keep complete and accurate records in accordance with the SFA and/or SFR	Not Compoundable	Not Compoundable			\$10,000
	Clearing Member to maintain and keep complete and accurate records in accordance with this Rules	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
4.12.2.1	Clearing Member not to make false or misleading entry in the Documents	Not Compoundable	Not Compoundable			\$10,000
4.12.2.2	Clearing Member not to omit from making a material entry in any of the Documents	Not Compoundable	Not Compoundable			\$10,000

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
4.12.2.3	Clearing Member not to alter or destroy any of the Documents without a valid reason	Not Compoundable	Not Compoundable			\$10,000
4.13.1	Clearing Member not to be guilty of dishonourable conduct	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
4.13.2	Clearing Member not to make a false entry on clearing sheet	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
4.13.3	Clearing Member not to fail to answer Customer's complaints promptly	Compoundable	\$500	\$1,000	\$2,000	N.A.
4.13.5	Clearing Member not to make mis-statement to Board, Clearing House or to a committee	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
<b>Chapter 5 – Arbitration</b>						
5.01.2.3	Clearing Member not to fail or refuse to arbitrate or settle dispute	Not Compoundable	Not Compoundable			\$10,000
5.01.2.4	Clearing Members to cause their Sellers or Buyers to agree to arbitrate if there is dispute as a result of or arising in connection with a deliverable commodity futures contract	Not Compoundable	Not Compoundable			\$10,000
<b>Chapter 6 – Delivery and Related</b>						
6.02A.1	Clearing Member to cause compliance with relevant delivery obligations	Not Compoundable	Not Compoundable			\$10,000

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
6.02A.2	Clearing Member to guarantee and assume complete responsibility for performance of all Delivery Obligations	Not Compoundable	Not Compoundable			\$10,000
6.02A.10	Clearing Member to notify the Clearing House of an occurrence of Force Majeure relevant to the performance of Delivery Obligations	Not Compoundable	Not Compoundable			\$10,000
6.03.1	Clearing Member not to default on delivery	Not Compoundable	Not Compoundable			\$10,000
6.04.1	Clearing Member to require evidence from its Seller or Buyer that all open positions which are not offset on the Last Trading Day will be completed by delivery	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
6.04.2	Clearing Member to liquidate open positions on or before LTD if the Seller or Buyer fails to provide evidence that all open positions will be completed by delivery	Not Compoundable	Not Compoundable			\$10,000
6.07.1	Clearing Member to post with Clearing House as escrow agent a Performance Deposit or other payment which may be prescribed under Contract Specifications as security for benefit of Buyer or Seller who is counterparty to delivery contract	Not Compoundable	Not Compoundable			\$10,000

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
6.07.2	Clearing Member to collect Performance Deposits or escrow assets within such time as prescribed in the Contract Specifications or by the Clearing House	Not Compoundable	Not Compoundable			\$10,000
6.07.3	Clearing Member not to grant any advance, loan, credit facility to Seller/Buyer for purpose of posting Performance Deposits/Escrow Assets	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
6.07A	Clearing Member to perform Delivery Obligations through the Facilitator Agent as prescribed by the Clearing House.	Not Compoundable	Not Compoundable			\$10,000

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposed by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
<b>Chapter 7 – Clearing and Margins</b>						
7.02A.2.2	Eligible OTC transaction to be registered by certain parties	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
7.02A.2.3	Confirmation of Eligible OTC transaction may only be submitted by certain parties	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
7.02A.2.4	Parties submitting registration or confirmation of an Eligible OTC transaction to comply with the terms and conditions governing access to and operation of the Trade Registration System	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
7.02A.2.5	Clearing Member to submit name of Inter Dealer Broker authorised to register OTC transactions	Compoundable	\$500	\$1,000	\$2,000	N.A.
7.02A.2.6	Clearing Member to obtain consent of Seller/Buyer before allowing Inter Dealer Broker to register OTC transactions.	Compoundable	\$500	\$1,000	\$2,000	N.A.
7.02A.2.7	Registration of Eligible OTC transactions to specify the stipulated details	Compoundable	\$500	\$1,000	\$2,000	N.A.
7.02A.2.8	Confirmation of Eligible OTC transactions to specify the stipulated details	Compoundable	\$500	\$1,000	\$2,000	N.A.



Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
7.02AA.2.2	Eligible OTCF transaction to be registered by certain parties	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A .
7.02AA.2.3	Parties submitting Eligible OTCF Transaction to comply with the terms and conditions governing the access to and operation of the Trade Registration System	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
7.02AA.2.4	Clearing Member to obtain consent of Original OTCF Contract Counterparty before allowing registration of OTCF Transactions.	Compoundable	\$500	\$1,000	\$2,000	N.A .

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
7.03.1.3	Clearing Member to make up deficiencies in Security Deposit resulting from applications by Clearing House on default by Clearing Member	Not Compoundable	Not Compoundable			\$10,000
7.03.1.4	Clearing Member not to take any action to interfere with ability of Clearing House to apply the Security Deposit	Not Compoundable	Not Compoundable			\$30,000
7.03.12.1	Clearing Member to make good any deficiency in Security Deposits prior to close of business on Business Day immediately following such application	Not Compoundable	Not Compoundable			\$10,000

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
7.04A	Clearing Member to comply with registration requirements of such NLT, EFP or EFS as set forth in the rules.	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
7.08.1	Clearing Member not to place any false or inaccurate entries on any other submission or otherwise provide false or inaccurate information in any document submitted to the Clearing House for clearing purposes	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
7.09	Clearing Member to submit position change sheets to the Clearing House each trading day by the time specified by the Clearing House	Compoundable	\$500	\$1,000	\$2,000	N.A.
7.10.2	Clearing Member to notify the Clearing House in writing and no later than 5 pm on the following Business Day if it believes that there is any error in the recap ledger (produced by Clearing House)	Not Compoundable	Not Compoundable			\$10,000
7.14.1	Clearing Member to deposit additional collateral to cover any shortage in its cash margin held with the Clearing House	Not Compoundable	Not Compoundable			\$30,000

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
7.15.1	Clearing Member to place required Security Deposit with the Clearing House	Not Compoundable	Not Compoundable			\$10,000
7.15A.2	Clearing Member to deposit Further Assessment Amount with the Clearing House	Not Compoundable	Not Compoundable			\$10,000
7.16	Clearing Member to comply with requirements in relation to reports of large positions	Not Compoundable	Not Compoundable			\$10,000
7.17.1	Clearing Member not to carry speculative long and short positions in the same Commodity for the same Contract Month	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
7.20.1	Clearing Member to meet margin requirements prescribed by the Clearing House	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
7.20.4	Clearing Member to provide the Clearing House with the required regulatory information	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
7.20.5.4	Clearing Member to deposit such margins as may be required by the Clearing House by reason of any depreciation in the market value of securities	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
7.22	Clearing Member to comply with requirements in relation to margins of Third Party	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
7.22A.1	Clearing Member to grant margin credit only if the specified conditions are met.	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
7.22A.1.8	Clearing Member to notify Clearing House if it offers inter-exchange cross margining arrangement to Third Parties	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
7.26.1	Clearing Member to pay fines for errors, delays and omissions	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
7.27.1	Subject to approval of the Clearing House, trades to be transferred to the books of another Clearing Member only in the specified circumstances	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.

Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
7.27.2	Except with approval of Clearing House, existing trades on books of Clearing Members not to be transferred to books of another Clearing Member	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
7.27.3	Relevant Trades to be transferred only if the specified conditions are met.	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
7.27.4.4	Clearing Member to act according to directions of Clearing House for transfer and placement of Relevant Trades	Not Compoundable	Not Compoundable			\$10,000



Rule Violation			Composition Amount which may be Offered by the Clearing House, where the Clearing House has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by DC
Rule / Chapter Number	Brief Description of Rule	Whether composition may be offered	1st Violation	2nd Violation	3rd Violation	
7.27.6	Clearing Member to report to the Clearing House all transfers and placements made and to maintain full and complete record of all transactions	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
7.27.7	Clearing Member to furnish such margins as the Clearing House may require	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.
7.28.2	Clearing Member to report to the Clearing House all inter-clearing house transfers of positions and maintain a full and complete record of the transfers	Compoundable	\$2,000 - \$4,000	\$4,000 - \$7,000	\$7,000 - \$10,000	N.A.