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April 4, 2016

Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, ON M5H 3S8
Attn: Secretary

Dear Sirs and Mesdames:

360 Trading Networks Inc. – Application

On October 1, 2013, the Ontario Securities Commission (the “**OSC**” or the “**Commission**”) issued an order (the “**Interim Order**”) granting 360 Trading Networks Inc. (“**360T**”) an exemption on an interim basis recognition as an exchange under subsection 21(1) of the Securities Act (Ontario) (the “**Act**”). Thereafter, the Commission issued an order extending the termination date of the Interim Order to the 180th day following the date on which 360T was granted permanent registration as a swap execution facility (a “**SEF**”) ¹ by the Commodity Futures Trading Commission (the “**CFTC**”). ²

360T was granted permanent registration as a SEF by the CFTC on January 22, 2016. 360T hereby applies to the OSC for an order pursuant to Section 147 of the Act exempting 360T from the requirement to be recognized as an exchange under Section 21 of the Act;

Exemption Criteria

OSC Staff has prescribed criteria that it will apply when considering applications for exemption of a foreign platform that facilitates the trading of OTC derivatives from recognition as an

¹ Capitalized terms that are used but not defined in this Application have the meaning given those terms in 360T’s Rulebook. Unless otherwise noted, all references herein to “Rules” refer to the rules set forth in 360T’s Rulebook.

² 360T’s current rules can be found at http://www.360t.com/wordpress/wp-content/uploads/2015/12/360T_SEF_Rulebook_Dec-29-2015.pdf.

exchange. These criteria are similar to those prescribed in OSC Staff Notice 21-702 Regulatory Approach for Foreign Based Stock Exchanges in relation to applications for recognition (or exemption from recognition) by foreign stock exchanges.

For convenience, this Application is divided into the following Parts:

Part I Application for Exemption from Recognition as an Exchange

1. Regulation of the Exchange
2. Governance
3. Regulation of Products
4. Access
5. Regulation of Participants on the Exchange
6. Rulemaking
7. Due Process
8. Clearing and Settlement
9. Systems and Technology
10. Financial Viability
11. Trading Practices
12. Compliance, Surveillance and Enforcement
13. Record Keeping
14. Outsourcing
15. Fees
16. Information Sharing and Oversight Arrangements
17. IOSCO Principles

Part II Submission by 360T

Part III Verification Certificate

Part I – Application for Exemption from Recognition as an Exchange

**CRITERIA FOR EXEMPTION OF A FOREIGN EXCHANGE TRADING OTC
DERIVATIVES FROM RECOGNITION AS AN EXCHANGE**

1. REGULATION OF THE EXCHANGE

1.1 Regulation of the Exchange

The exchange is regulated in an appropriate manner in another jurisdiction by a foreign regulator (Foreign Regulator).

360T is registered with the Commodity Futures Trading Commission (“**CFTC**”) as a swap execution facility (“**SEF**”). As a SEF, 360T is subject to regulatory supervision by the CFTC, a U.S. federal regulatory agency. The CFTC reviews, assess and enforces a SEF’s adherence to the Commodity Exchange Act (“**CEA**”) and the regulations promulgated thereunder on an ongoing basis, including but not limited to, a SEF’s compliance with “Core Principles” relating to financial resources, participant and product

eligibility, financial integrity of transactions, emergency authority, minimizing conflicts of interest, rule enforcement and system safeguards. 360T is subject to ongoing examination and inspection by the CFTC.

1.2 Authority of the Foreign Regulator

The Foreign Regulator has the appropriate authority and procedures for oversight of the exchange. This includes regular, periodic oversight reviews of the exchange by the Foreign Regulator.

The CFTC has been charged with administering and enforcing the CEA. Accordingly, the CFTC is the U.S. government agency that has direct regulatory and oversight responsibility for SEFs. The CFTC monitors trading at 360T and receives from 360T routine reports relating to, among other things, swaps effected on 360T's electronic trading system (the "**Trading System**") and 360T's financial profile. The CFTC also reviews an annual compliance report that is prepared and certified by 360T's Chief Compliance Officer (the "**CCO**") each year. Such annual report describes, among other things, a description of 360T's policies and procedures (including the code of ethics and conflict of interest policies) and an assessment of 360T's compliance with the CEA and CFTC Regulations. Additionally, the CFTC undertakes periodic in-depth audits or "rule reviews" of 360T's compliance with the Core Principles.

The CFTC has seven major operating units. The CFTC's Division of Market Oversight, the main operating unit examining and overseeing 360T, interacts directly with 360T. The Division of Market Oversight oversees SEFs, designated contract markets ("**DCMs**") and data repositories, conducts surveillance, reviews new SEF and DCM applications and examines existing SEFs and DCMs to ensure compliance with applicable Core Principles. The Division of Market Oversight also evaluates the products that are listed for trading on 360T to ensure they are not susceptible to manipulation.

360T is required to provide information about it and its activities to the CFTC pursuant to Section 5c(c) of the CEA and Parts 37 and 40 of CFTC Regulations. Parts 37 and 40 of CFTC Regulations require that any proposed changes to 360T's Rules, including interpretations or resolutions, must be either certified to the CFTC as being in compliance with the CEA and CFTC Regulations or submitted to the CFTC for approval. A proposed rule change that is certified by a SEF will become effective after ten business days thereafter unless such certification is stayed by the CFTC.

The CFTC may investigate any action of 360T, alter or supplement 360T's Rules, suspend or revoke its registration, impose fines for violations of the CEA or CFTC Regulations and direct 360T to take whatever action the CFTC determines is necessary to maintain or restore orderly trading in the event of an emergency. In addition, any emergency action of 360T must be immediately reported to the CFTC.

As a registered SEF, 360T is required to comply with the Core Principles set forth in Section 5h(f) of the CEA as interpreted and implemented by the CFTC in Part 37 of CFTC Regulations.

The 15 Core Principles are as follows:

Core Principle 1 (Compliance with Core Principles). A SEF is required to comply with the Core Principles and any requirement that the CFTC may impose by rule or regulation. A SEF has reasonable discretion in establishing the manner of such compliance. CFTC Regulation 37.100 codifies these requirements.

Core Principle 2 (Compliance with Rules). A SEF is required to establish and enforce compliance with its rules, including the terms and conditions of the swaps traded or processed on or through the SEF and any limitation on access to the SEF. A SEF is also required to 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. A SEF must also establish rules governing its operations, including rules specifying trading procedures to be used in entering and executing orders traded or posted on the SEF, including block trades. Finally, a SEF must require swap dealers and major swap participants effecting swaps through the SEF to comply with the mandatory clearing requirement set forth in CEA Section 2(h)(8). CFTC Regulations 37.200-206 codify these requirements and establish minimum requirements that a SEF must meet in order to comply with Core Principle 2.

Core Principle 3 (Swaps Not Readily Susceptible to Manipulation). A SEF is required to permit trading only in swaps that are not readily susceptible to manipulation. CFTC Regulations 37.300-301 codify this requirement and establish minimum requirements that a SEF must meet in order to comply with Core Principle 3.

Core Principle 4 (Monitoring of Trading and Trade Processing). A SEF is required to establish and enforce trading procedures for entering and executing orders traded on or through the SEF. A SEF must also establish and enforce procedures for trade processing of swaps on or through the SEF. Core Principle 4 also requires each SEF to monitor trading 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. CFTC Regulations 37.400-408 codify these requirements and establish minimum requirements that a SEF must meet in order to comply with Core Principle 4.

Core Principle 5 (Ability to Obtain Information). A SEF is required to establish and enforce rules that allows it to obtain any necessary information to perform any of the functions described in CEA Section 5h and provide such information to the CFTC upon request. A SEF is also required to have the capacity to carry out international information-sharing agreements to the extent required by the CFTC. CFTC Regulations 37.500-504 codify these requirements and establish minimum requirements that a SEF must meet in order to comply with Core Principle 5.

Core Principle 6 (Position Limits or Accountability). A SEF is required to adopt position limits or position accountability levels for each swap listed on the SEF, as necessary or appropriate. For a swap subject to a position limit established by the CFTC, a SEF may set its position limitation at a level no higher than the CFTC's limitation. A SEF must monitor positions established on the SEF for compliance with the limits set by the CFTC and the limit, if any, set by the SEF. CFTC Regulations 37.600-601 codify these requirements and establish minimum requirements that a SEF must meet in order to comply with Core Principle 6.

Core Principle 7 (Financial Integrity of Transactions). A SEF is required to establish and enforce rules and procedures for ensuring the financial integrity of swaps entered on or through the SEF, including the clearance and settlement of the swaps. CFTC Regulations 37.700-703 codify these requirements and establish minimum requirements that a SEF must meet in order to comply with Core Principle 7.

Core Principle 8 (Emergency Authority). A SEF is required to adopt rules to provide for the exercise of emergency authority, in consultation or cooperation with the CFTC, 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. CFTC Regulations 37.800-801 codify these requirements and establish minimum requirements that a SEF must meet in order to comply with Core Principle 8.

Core Principle 9 (Timely Publication of Trading Information). A SEF is required to make public timely information on price, trading volume, and other trading data on swaps to the extent prescribed by the CFTC. A SEF is also required to have the capacity to electronically capture and transmit trade information with respect to transactions executed on the SEF. CFTC Regulations 37.900-901 codify these requirements and establish minimum requirements that a SEF must meet in order to comply with Core Principle 9.

Core Principle 10 (Recordkeeping and Reporting). A SEF is required to maintain records of all activities relating to the SEF's business, including a complete audit trail, in a form and manner acceptable to the CFTC for a period of five years. A SEF is also required to report to the CFTC such information as the CFTC determines to be necessary or appropriate for the CFTC to perform its duties under the CEA. A SEF must keep any such records relating to certain security-based swaps open to inspection and examination by the Securities and Exchange Commission. Core Principle 10 also requires the CFTC to adopt data collection and reporting requirements for SEFs that are comparable to corresponding requirements for derivatives clearing organizations and swap data repositories. CFTC Regulations 37.1000-1001 codify these requirements and establish minimum requirements that a SEF must meet in order to comply with Core Principle 10.

Core Principle 11 (Antitrust Considerations). Unless necessary or appropriate to achieve the purposes of the CEA, a SEF is prohibited from adopting any rules or taking any actions that result in any unreasonable restraint of trade or imposing any material anticompetitive burden on trading or clearing. CFTC Regulations 37.1100-1101 codify

these requirements and establish minimum requirements that a SEF must meet in order to comply with Core Principle 11.

Core Principle 12 (Conflicts of Interest). A SEF is required to establish and enforce rules to minimize conflicts of interest in its decision-making process. A SEF must also establish a process for resolving the conflicts of interest. CFTC Regulation 37.1200 codifies these requirements.

Core Principle 13 (Financial Resources). A SEF is required to have adequate financial, operational and managerial resources to discharge its responsibilities. Core Principle 13 also provides that the financial resources of a SEF are considered to be adequate if the value of the financial resources exceeds the total amount that would enable the SEF to cover its operating costs for a one-year period, as calculated on a rolling basis. CFTC Regulations 37.1300-1307 codify these requirements and establish minimum requirements that a SEF must meet in order to comply with Core Principle 13.

Core Principle 14 (System Safeguards). A SEF is required to 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 are reliable and secure and have adequate scalable capacity. A SEF must also establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allow for the timely recovery and resumption of operations and the fulfillment of the responsibilities and obligations of the SEF. Core Principle 14 also requires each SEF to periodically conduct tests to verify that the backup resources of the SEF are sufficient to ensure continued order processing and trade matching, price reporting, market surveillance and maintenance of a comprehensive and accurate audit trail. CFTC Regulations 37.1400-1401 codify these requirements and establish minimum requirements that a SEF must meet in order to comply with Core Principle 14.

Core Principle 15 (Designation of Chief Compliance Officer). A SEF is required to designate an individual to serve as a CCO. Core Principle 15 also requires a SEF's CCO to (i) report directly to the board or to the senior officer of the SEF, (ii) review compliance with the Core Principles, (iii) in consultation with the board or senior officer, resolve conflicts of interest that may arise, (iv) establish and administer the policies and procedures required to be established pursuant to the CEA, (v) ensure compliance with the CEA and CFTC Regulations and (vi) establish procedures to remediate noncompliance issues found during compliance office reviews, look backs, internal or external audit findings, self-reported errors or through validated complaints. Each CCO must also design the procedures to establish the handling, management response, remediation, retesting and closing of noncompliance issues. Pursuant to Core Principle 15, each CCO is required to prepare and sign an annual report that contains a description of the SEF's compliance with the CEA and the SEF's policies and procedures, including the code of ethics and conflict of interest policies. Each CCO must certify that, under penalty of law, the report is accurate and complete, and submit the report with the appropriate financial report of the SEF. CFTC Regulations 37.1500-1501 codify these requirements and establish minimum requirements that a SEF must meet in order to comply with Core Principle 15.

2. GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange,

As background, 360T is a corporation that is organized under the laws of the State of Delaware. The ultimate parent company to 360T is Deutsche Borse AG, a German limited company.

360T has established an organizational and governance structure that provides for effective and efficient oversight of 360T. 360T's corporate governance arrangements are set forth in 360T's Certificate of Incorporation and Bylaws (the "**Governing Documents**"). The Governing Documents establish 360T's formal corporate decision-making powers and procedures and gives 360T's Board of Directors (the "**Board**") the sole responsibility for overseeing the management of the operations of 360T.

The Board has three members, all of whom are ultimately elected by 360T's parent company, and is responsible for the oversight of 360T. The Governing Documents provide that Directors are elected annually by 360T's parent company. According to Rule 201(c), each Director serves until his or her successor is duly appointed, or until his or her earlier resignation or removal, with or without cause.

The Board is composed of 360T's founder and two "Public Directors" (as that term is defined in the Rules), each of whom has significant and relevant industry experience. The Board is authorized to oversee the management of the day-to-day business operations of 360T in accordance with 360T's Governing Documents. Subject to the oversight of the Board, 360T shall appoint from time to time one or more individuals to serve as the Chief Executive Officer, Chief Compliance Officer and may further appoint such other officers as deemed necessary or appropriate, with such titles, duties, and authority as the 360T shall approve, to carry out its business. The acts of the officers will bind 360T when such officers are acting within the scope of their authority. The officers are obliged to keep the Board informed as to all matters of concern to 360T. Please see Section 2.1(c) below for further details on the composition of the Board.

(b) that business and regulatory decisions are in keeping with its public interest mandate,

360T is committed to operating a SEF in accordance with industry best practices and in accordance with public interest. 360T's Rules, policies, procedures and activities are designed to fulfill its public interest mandate and provide a reliable trade execution platform for market participants.

360T's public interest mandate is derived from the CEA and CFTC Regulations. As noted above, 360T's registration was contingent upon the CFTC's finding that it was in compliance with the CEA and with CFTC Regulations. Further, any business or

regulatory actions that 360T takes must conform to the CEA and CFTC Regulations. In that regard, all material changes to the manner in which 360T conducts its business must be certified in advance to the CFTC, and the CFTC has the authority to stay such certifications if it believes that they are not consistent with the CEA.

- (c) **fair, meaningful and diverse representation on the board of directors (Board) and any committees of the Board, including:**
 - (i) **appropriate representation of independent directors, and**
 - (ii) **a proper balance among the interests of the different persons or companies using the services and facilities of the exchange,**

Independent Directors

As noted above, the Board is currently comprised of three Directors, two of whom qualify as Public Directors. To qualify as a Public Director, an individual must be found, by action of the Board pursuant to Rule 201(d), to have no material relationship with 360T. The Board must make such finding upon the nomination or appointment of the Director and as often as necessary in light of all circumstances relevant to such Director, but in no case less frequently than annually. For these purposes, a “material relationship” is one that could reasonably be expected to affect the independent judgment or decision-making of the Director. A Director will be considered to have a “material relationship” with 360T if any of the following circumstances exist or have existed within the past year:

- (1) such Director is or was an officer or an employee of 360T, or an officer or an employee of an affiliate of 360T;
- (2) such Director is or was a Participant, or a director, officer or employee of a Participant;
- (3) such Director is or was an officer of another entity, which entity has a compensation committee (or similar body) on which any 360T officer serves;
- (4) such Director, or an entity of which the Director is a partner, officer, employee or director, receives or has received more than \$100,000 in combined annual payments for legal, accounting or consulting services from 360T or 360T’s affiliates, any Participant or affiliate of such Participant. Compensation for services as a Director of 360T or as a director of an affiliate thereof does not count toward the \$100,000 payment limit, nor does deferred compensation for services rendered prior to becoming a Director, so long as such compensation is in no way contingent, conditioned, or revocable; or
- (5) in the case of a Public Director that is a member of the ROC or the Participant Committee, such Public Director accepts or has accepted, directly or indirectly, any consulting, advisory or other compensatory fee from 360T, any of 360T’s affiliates, any Participant or any affiliate of such Participant, other than deferred compensation for services rendered prior to becoming a member of the ROC or

the Participant Committee, provided that such compensation is in no way contingent, conditioned, or revocable. This provision does not apply to compensation received in the Public Director's capacity as a member of the Board, the ROC, Participant Committee or any other 360T-committee or as a member of the board of directors or similar governing body of a 360T affiliate.

Any of the relationships set forth in paragraphs (1) through (5) apply to the "immediate family" (i.e., the spouse, parents, children, and siblings, in each case, whether by blood, marriage, or adoption) of such Director, or any person residing in the home of the Director or that of his or her "immediate family."

360T uses a director questionnaire as a means of ensuring that the Public Directors satisfy the requirements set forth above. 360T also reviews the information set forth in National Futures Association's ("NFA's") BASIC system and other public databases to determine whether the directors have been subject to any sanctions that would disqualify them from acting as such.

The experience and diversity of the Board has been, and continues to be, critical to 360T. The Board maintains a proper balance among the different persons or companies using 360T's services by (1) having a nominating committee to consider this balance in nominating board members, (2) having two Public Directors who are experienced in the industry but not actively using these services, and (3) having a Board member that is the founder of 360T and thus has significant experience in the development in its operations.

All candidates for Board membership are nominated by the Nominating Committee of the Board and are evaluated for their expertise, experience, ethics, commitment to enhancing shareholder value, understanding of 360T's business, and lack of material conflicts of interest. Directors elected to the Board have open access to senior management and also have their own access to persons that utilize 360T's services. This access enables directors to gather input from a wide variety of sources.

Committees of the Board

360T has the following standing committees.

Nominating Committee

The Nominating Committee of the Board consists of three Directors, two of whom are Public Directors. The Nominating Committee is responsible for (i) identifying individuals qualified to serve on the Board, consistent with the criteria that the Board require and any composition requirement that the CFTC may promulgate and (ii) administering a process for the nomination of individuals to the Board.

The Nominating Committee also monitors and assesses the Board's independence. The Nominating Committee also ensures that nominees to fill Board vacancies possess the ability to contribute to the effective oversight and management of 360T, taking into account the needs of 360T and such factors as the individual's experience, perspective, skills and knowledge of the industry in which 360T operates.

Participant Committee

The Participant Committee of the Board consists of three Directors, two of whom are Public Directors. The Participant Committee is responsible for (i) determining the standards and requirements for initial and continuing eligibility of Participants, (ii) reviewing appeals of staff denials of applications for approval as a Participant or for expanded Participant authority and (iii) approving Rules that would result in different categories or classes of Participants receiving disparate access to the Trading System. The Participant Committee may not, and may not permit 360T to, restrict access or impose burdens on access in a discriminatory manner within each category or class of Participants or between similarly situated categories or classes of Participants.

Regulatory Oversight Committee

The Regulatory Oversight Committee (the “**ROC**”) consists of two Public Directors. The ROC oversees 360T’s regulatory program on behalf of the Board and has the authority to (i) monitor 360T’s regulatory program for sufficiency, effectiveness, and independence and (ii) oversee all facets of 360T’s regulatory program, including:

- (1) trade practice and market surveillance; audits, examinations, and other regulatory responsibilities with respect to Participants (including compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and the conduct of investigations;
- (2) reviewing at each meeting of the ROC the size and allocation of 360T’s regulatory budget and resources, and the number, hiring, termination and compensation of regulatory personnel;
- (3) reviewing the performance of 360T’s CCO, and making recommendations with respect to such performance to the Board;
- (4) maintaining minutes and records of its meetings, deliberations and analyses, including records of all decisions made by the ROC;
- (5) recommending changes that would ensure fair, vigorous, and effective regulation;
- (6) reviewing all regulatory proposals prior to implementation and advising the Board as to whether and how such changes may impact regulation; and
- (7) reviewing such other matters and performing such additional activities as the Board deems necessary or appropriate.

In addition to the standing committees, the Board has the power and authority under the Governing Documents to create special committees of the Board.

- (d) **the exchange has policies and procedures to appropriately identify and manage conflicts of interest for all officers, directors and employees, and**

360T has effective mechanisms in place to manage any conflicts of interest that may arise. CFTC Regulation 1.69 requires that 360T maintain rules that have been approved by the CFTC to address the avoidance of conflicts of interest. The CFTC requires that 360T's Rules provide that a member of the Board, disciplinary committee or oversight panel must abstain from deliberations and voting involving any matter in which he or she or his or her employer has an interest. CFTC Regulation 1.69 also requires that 360T have procedures for determining whether such persons have a conflict, including disclosure of any potential conflict to 360T. CFTC Regulation 1.69 further requires 360T to document that the conflict determination procedures have been followed and the result of such determination. 360T has adopted Rule 206 pursuant to such requirements.

Additionally, Core Principle 12 (Conflicts of Interest) requires 360T to establish and enforce rules to minimize conflicts of interest in the decision-making process and establish processes for resolving any such conflicts. This requirement regulates the extent to which 360T is able to make decisions without the undue influence of a 360T member, an interested party or a trade group. Core Principle 15 requires 360T's CCO to "resolve any conflicts of interest that may arise" in consultation with the Board or other senior officer of 360T. Pursuant to CFTC Regulation 37.1501(d)(2), such conflicts of interest may include (i) conflicts between business considerations and compliance requirements, (ii) conflicts between business considerations and the requirement that 360T provide fair, open, and impartial access or (iii) conflicts between 360T's management and members of the Board. These duties indicate that 360T's CCO is more than just an advisor to management and must have the ability to enforce compliance with the CEA and CFTC Regulations. 360T's Rules and policies and procedures provide the CCO with the necessary powers and duties to ensure compliance with the aforementioned Core Principles and CFTC Regulations.

360T has established a robust set of safeguards designed to ensure that it operates free from conflicts of interest or inappropriate influence as described above. For example, Rule 902 limits the use and disclosure of material, non-public information gained in connection with a person's participation on the Board or any committee for any purpose other than the performance of his or her official duties as a member of the Board or committee. Pursuant to Rule 710 and Rule 715, a respondent in a disciplinary action may seek to disqualify any individual named to a Disciplinary Panel or an Appeal Panel due to a conflict of interest or for any other reasonable grounds.

Under Rule 206, a Director, Officer, member of any Committee, Review Panel Member, Disciplinary Panel Member or Appeal Panel Member who, in respect of a Company Proceeding or an Emergency, is subject to a "material conflict of interest" between his or her position as a Director, Officer, member of a Committee, Review Panel Member, Disciplinary Panel Member or Appeal Panel Member and his or her personal interests (any such Director, Officer, member of any Committee, Review Panel Member, Disciplinary Panel Member or Appeal Panel Member, an "Interested Person") generally may not participate in deliberations or votes of the Board, a Committee, Review Panel, Disciplinary Panel or Appeal Panel in respect of a Company Proceeding or any Emergency, or otherwise exercise any authority with respect to a Company Proceeding or Emergency that involves his or her personal interest.

Rule 206 provides that a “material conflict of interest” in respect of a Company Proceeding or an Emergency means a Director, Officer, member of a Committee, Review Panel Member, Disciplinary Panel Member or Appeal Panel Member: (1) being named as a respondent or potential respondent in such Company Proceeding; (2) being an employer, employee, fellow employee or an Affiliate of a respondent or potential respondent in such Company Proceeding; (3) having any significant, ongoing business relationship with a respondent or potential respondent in such Company Proceeding; (4) having a family relationship with a respondent or potential respondent in such Company Proceeding (including the individual’s spouse, cohabitor, former spouse, parent, step-parent, child, step-child, sibling, step-brother, step-sister, grandparent, grandchild, uncle, aunt, nephew, niece, father-in-law, mother-in-law, brother-in-law or sister-in-law); (5) having a direct and substantial financial interest³ in the result of the deliberations or vote based upon trades or positions that could reasonably be expected to be affected by such Company Proceeding or Emergency; and/or (6) any other circumstance that gives rise to a conflict between the exercise of authority by the Director, Officer, member of any Committee, Review Panel Member, Disciplinary Panel Member or Appeal Panel Member concerning such Company Proceeding or Emergency and his or her personal interests.

Before considering a Company Proceeding or Emergency, an Interested Person must disclose in writing to the Chief Compliance Officer the material facts concerning his or her relationship or interest therein. An Interested Person who would otherwise be required to abstain from deliberations and voting as a result of having a direct and substantial financial interest in the result of the deliberations may participate in deliberations, prior to a vote on the Company Proceeding or Emergency, if: (1) the material facts about the Interested Person’s financial interest in the matter are disclosed or known to the Board, Committee, Review Panel, Disciplinary Panel or Appeal Panel (as applicable); (2) the Board, Committee, Review Panel, Disciplinary Panel or Appeal Panel determines that the participation by the Interested Person would be consistent with the public interest and the interests of the Company; and (3) a majority of the members of the Board, Committee, Review Panel, Disciplinary Panel or Appeal Panel (as applicable), excluding any Interested Persons, vote to allow the Interested Person to participate in deliberations on the Company Proceeding or Emergency.

If a determination is made pursuant to Rule 206 that an Interested Person may participate in deliberations prior to a vote, the minutes of the meeting of the Board, Committee, Disciplinary Panel or Appeal Panel will reflect the fact thereof and the reasons therefor.

If a determination is made that all Committee members, Review Panel Members, Disciplinary Panel Members or Appeal Panel Members are Interested Persons with respect to a matter relating to a Company Proceeding or Emergency that is subject to a vote by such Committee, such Disciplinary Panel or the Appeal Panel (as applicable), the Board shall be authorized to appoint a panel of individuals who are not Interested Persons with respect to such matter. This panel shall have the same authority and powers over

³ A direct and substantial financial interest includes (but is not limited to) trades and positions in accounts of, controlled by, or affiliated with the Interested Person or in any other types of direct and substantial financial positions of the Interested Person that could reasonably be expected to be affected by such deliberations or vote.

such matter that the Committee, Review Panel, Disciplinary Panel or Appeal Panel (as applicable) would have if the Committee members, Review Panel Members, Disciplinary Panel Members or Appeal Panel Members were not Interested Persons with respect to such matter. The Board shall have the same power to appoint individuals who are not Interested Persons, if necessary, to permit a Committee, Review Panel, Disciplinary Panel or Appeal Panel to satisfy quorum requirements

360T also has adopted a Code of Conduct that applies to all employees, including the executive officers. The provisions of the Code of Conduct address potential and actual conflicts of interest, and all employees are instructed to comply with this Code of Conduct at all times.

- (e) **there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.**

Qualifications

Directors, officers and other 360T employees are recruited for their particular positions based upon their skills and expertise. Each Director must complete a director questionnaire, and the integrity of each candidate for Director is determined primarily through an analysis of the responses received from such candidate. There is no standardized metric for determining the competence of a Director. It is in the interest of 360T to choose Directors that are sophisticated and experienced in business and legal matters. Directors, officers and employees are competitively remunerated based on industry standards and as appropriate for successful retention.

All members of the Board and 360T officers and employees are over the age of majority and are of sound mind. All of the members of the Board are regarded in the market as being persons with integrity and competence.

Limitation of Liability and Indemnification

As provided in Article 8 of 360T's Certificate of Incorporation, no Director will be personally liable to 360T or its stockholders for monetary damages for breach of fiduciary duty as a Director. This provision, however, does not eliminate or limit the liability of a Director from (i) any breach of the Director's duty of loyalty to 360T or its stockholders, (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (iii) any transaction from which the Director derived an improper personal benefit.

Pursuant to Article 9 of 360T's Certificate of Incorporation, each person who was or is made a party or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a Director or officer of 360T or is or was serving at the request of the corporation as a director or officer of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan, whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in

any other capacity while serving as such a director or officer will be indemnified and held harmless by 360T to the full extent authorized by the General Corporation Law of Delaware, as the same exists or may hereafter be amended, or by other applicable law as then in effect, against all expense, liability and loss (including attorneys' fees, judgments, fines, excise taxes under the Employee Retirement Income Security Act of 1974, penalties and amounts to be paid in settlement) actually and reasonably incurred or suffered by such indemnity in connection therewith. Article 9.E also provides that 360T has the power to purchase and maintain insurance on behalf of any person who is or was or has agreed to become a Director or officer of 360T, or is or was serving at the request of 360T as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him/her and incurred by him/her or on his/her behalf in any such capacity, or arising out of his/her status as such, whether or not 360T would have the power to indemnify him/her against such liability. See also Article VI, Section 7 of the Bylaws.

In accordance with these provisions, 360T purchases and maintains insurance, in amounts and with coverage at least equal to those typically maintained by similarly-situated companies, on behalf of Directors and officers.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person and past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity.

All Directors and officers are over the age of majority and are of sound mind. All Directors and officers possess the ability to contribute to the effective oversight and management of 360T, taking into account the needs of 360T and such factors as the individual's experience, perspective, skills and knowledge of the markets in which 360T operates. This includes sufficient expertise, where applicable, in financial services and trading platform operations.

Pursuant to Rule 203, and consistent with CFTC Regulations, an individual may not serve as a Director or an officer, or serve on a Committee, a Disciplinary Panel, Review Panel or an Appeal Panel, if the individual:

- (1) within the prior three years has been found, by a final decision in any action or proceeding brought in a court of competent jurisdiction, the CFTC, or any self-regulatory organization, to have committed a disciplinary offense;
- (2) within the prior three years has entered into a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged, included a disciplinary offense;
- (3) is currently suspended from trading on any trading market, is suspended or expelled from membership in a self-regulatory organization, is serving any sentence or probation, or owes any portion of a fine or penalty related to either:

(i) a finding of a disciplinary offense by a final decision in any action or proceeding brought in a court of competent jurisdiction, the CFTC, or any self-regulatory organization; or

(ii) a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;

(4) is currently subject to an agreement with the CFTC or self-regulatory organization not to apply for registration with the CFTC or for membership in any self-regulatory organization;

(5) is currently, or within the past three years has been, subject to a revocation or suspension of registration by the CFTC or has been convicted of a felony listed in Section 8a(2)(D)(ii) through (iv) of the CEA;

(6) is currently subject to a denial, suspension or disqualification from serving on a disciplinary committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in section 3(a)(26) of the Securities Exchange Act of 1934, as amended; or

(7) is subject to a statutory disqualification pursuant to Section 8a(2) or 8a(3) of the CEA.

To verify that members of the Board meet these fitness standards, 360T requires each Director to provide supporting documentation such as a certification based on verifiable information, an affidavit from 360T's general counsel, registration information or other reliable proof that substantiates compliance. Upon the occurrence of an event listed above, such Director or officer is required to disclose the occurrence of such event to the CCO under Rule 203(b). In addition, 360T performs separate background checks on Directors. This background check performs a criminal court search and social trace for each request. The social trace identifies areas where the Director has lived in the past, any AKAs and verifies the date and state of issuance for the social security number.

3. REGULATION OF PRODUCTS

3.1 Review and Approval of Products

The products traded on the exchange and any changes thereto are submitted to the Foreign Regulator, and are either approved by the Foreign Regulator or are subject to requirements established by the Foreign Regulator that must be met before implementation of a product or changes to a product.

Product and Rule Filings

SEFs primarily self-certify new products and changes to products under CFTC Regulations 40.2 and 40.6, respectively. CFTC Regulation 40.2 requires that the CFTC receive a new product submission "by the open of business on the business day preceding

the product's listing.” CFTC Regulation 40.2 also requires that the new product submission include the following: (1) a cover sheet; (2) a copy of the new product’s rules, including all rules relating to the new product’s terms and conditions; (3) the intended listing date of the new product; (4) a certification by the SEF that the new product complies with the CEA and CFTC Regulations, including the requirement that the SEF permit trading only in swaps that are not readily susceptible to manipulation (as further described below); (5) a concise explanation and analysis of the product and its compliance with the CEA and CFTC Regulations, including documentation sufficient to substantiate such explanation and analysis; and (6) a certification that the SEF posted a copy of the new product submission on its website. If requested by the CFTC, the SEF must provide any additional evidence, information or data that demonstrates that the product meets the requirements of the CEA and CFTC Regulations.

SEFs also may elect to request prior CFTC approval of a new product under CFTC Regulation 40.3 before listing such product for trading. 360T believes that it would request such approval only in circumstances where the product it seeks to list for trading, or the rules relating to the trading of such product, raise novel or complex regulatory issues.

Proposed changes to existing products are submitted under CFTC Regulation 40.6, which requires that the CFTC receive the submission “not later than the open of business on the business day that is 10 business days prior to the registered entity's implementation of the rule or rule amendment.” A submission under CFTC Regulation 40.6 must include the following: (1) a cover sheet; (2) a copy of the product’s rules indicating deletions and additions; (3) the date of intended implementation; (4) a certification by the SEF that the product complies with the CEA and CFTC Regulations; (5) a concise explanation and analysis of the operation, purpose and effect of the product’s rule amendment and its compliance with the CEA and CFTC Regulations; (6) a brief explanation of any substantive opposing views or a statement that no opposing views were expressed; and (7) a certification that the SEF posted a copy of the new product submission on its website.

In general, the CFTC reviews filings described above to ensure that they are consistent with the core principles that are applicable to SEFs and with the CEA. In addition, if requested by the CFTC, 360T must provide any additional evidence, information or data that may be beneficial to the CFTC in conducting a due diligence assessment of the submission.

Not Readily Susceptible to Manipulation

As described above, a SEF is required to permit trading only in swaps that are not readily susceptible to manipulation. A SEF must determine whether a swap is readily susceptible to manipulation by assessing the potential for manipulation or distortion of the cash settlement price, as well as the reliability of that price as an indicator of cash market values. Appropriate consideration should also be given to the commercial acceptability, public availability, and timeliness of the price series that is used to calculate the cash settlement price and the cash flows of the swap.

Where an independent, private-sector third party calculates a relevant price index, the SEF also must assess whether the third party utilizes business practices that minimize the opportunity or incentive to manipulate the cash-settlement price series.

360T has not yet submitted any made available to trade determinations to the CFTC, and has not yet adopted any quantitative or qualitative thresholds to determine whether a swap should be made available to trade. 360T notes that a swap must be subject to mandatory clearing before it can be deemed to be made available to trade. The swaps that 360T has listed for trading on its platform are not currently subject to mandatory clearing in the United States.

3.2 Product Specifications

The terms and conditions of trading the products are in conformity with the usual commercial customs and practices for the trading of such products.

Products Listed on 360T

360T offers trading in non-deliverable forwards (“NDFs”), non-deliverable swaps (“NDS”) and foreign exchange options. At this time, none of these products are required to be cleared under the CEA and are not voluntarily cleared by counterparties.

Each NDF is a cash-settled swap where the settlement obligations of the parties are determined by calculating the difference between the forward rate, which is agreed on between the parties at the start of the contract, and the prevailing spot exchange rerate on the fixing date. This difference is then multiplied by the notional amount, which is also determined at the start of the contract. The price source for the spot exchange rate on the fixing date will be bilaterally agreed and, in the majority of cases, is determined by reference to the prices disseminated by the various central bank or by recognized commercial market data vendors.

An NDS is essentially a series of NDFs.

A foreign currency option is a contract giving the option purchaser (the buyer) the right, but not the obligation, to buy or sell a fixed amount of foreign exchange at a fixed price per for a specified time period. The foreign exchange options that will be listed for trading 360T are cash-settled.

Review Process Prior to Listing New Products

The terms and conditions of 360T’s swaps conform to the terms and conditions of swaps traded on other SEFs registered with the CFTC. Prior to listing new products, 360T conducts a market review to confirm that there will be a proper market for a swap, including a review of the instrument in question, currency, tenor and historical volumes. Such review helps ensure that the terms and conditions of 360T’s swaps are in conformity with normal business practices for trading in such products, meet the needs of the relevant market participants and have widely accepted specifications. Normal business practices for 360T’s market participants generally consists of corporate end-

users attempting to transact with banks with whom they have pre-existing credit arrangements via RFQ.

360T certified all of its listed products on September 30, 2013, and the CFTC has not required 360T to remove any of its product certifications.

3.3 Risks Associated with Trading Products

The exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the exchange that may include, but are not limited to, daily trading limits, price limits, position limits, and internal controls.

Rules 521-523 set forth 360T's position limit and position accountability rules and aggregation standards. Pursuant to Rule 521, 360T may adopt position limits for swaps and grant exemptions from position limits, as it may determine to be necessary and appropriate, in accordance with CFTC Regulations. 360T may not set its position limit for any swap that is subject to a position limit set by the CFTC at a level higher than the CFTC's limit. The CFTC has proposed, but not yet adopted, position limits for swaps.

Rule 522 allows 360T to adopt position accountability levels for swaps subject to the trade execution requirement in Section 2(h)(8) of the CEA. 360T has not yet adopted such levels due to the relatively limited amount of trading activity currently being effected on 360T. 360T will revisit this issue as trading volumes increase. Upon 360T's request, persons with positions in excess of position accountability levels established by 360T will be required to provide information about their positions in excess of the relevant position accountability threshold and halt any further increases in those positions.

Finally, as described in Section 9.3 below, 360T has risk management measures in place that are designed to address market disruptions, errors and disorderly trading.

4. ACCESS

4.1 Fair Access

- (a) The exchange has established appropriate written standards for access to its services including requirements to ensure**
 - (i) participants are appropriately registered as applicable under Ontario securities laws, or exempted from these requirements,**
 - (ii) the competence, integrity and authority of systems users, and**
 - (iii) systems users are adequately supervised.**
- (b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.**

- (c) **The exchange does not unreasonably prohibit, condition or limit access by a person or company to services offered by it.**
- (d) **The exchange does not**
 - (i) **permit unreasonable discrimination among participants, or**
 - (ii) **impose any burden on competition that is not reasonably necessary and appropriate.**
- (e) **The exchange keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access.**

Access Requirements

360T has transparent and non-discriminatory rules based on objective criteria governing eligibility for membership, which are available to the public on 360T's website. Chapter 3 of the Rules sets out the admission and eligibility standards for all Participants, Authorized Traders and Authorized Users, all of which are designed to permit fair and open access while protecting 360T and its market participants.

Core Principle 2 (Compliance with Rules) requires 360T, inter alia, to have appropriate admission and continuing eligibility standards for members and participants. To be eligible for admission as a Participant, an applicant must demonstrate that it (as set out in Rule 302(a)):

- (1) is an Eligible Contract Participant (as defined in Section 1a(18) of the CEA);
- (2) has all registrations, licenses and consents required by its constituent documents and by Applicable Law to trade swaps on the Trading System and is not subject to any trading ban, prohibition or suspension issued by the CFTC or by any self-regulatory organization that is subject to the CFTC's oversight, including NFA; and
- (3) is of good reputation and business integrity, maintains adequate financial resources and credit, and satisfies such other criteria as 360T may establish from time to time.

Under Rule 303(a), applicants for Participant status must also complete the following:

- (1) complete and submit the Participant documentation;
- (2) provide such information and documentation as may be requested by 360T, and comply with the procedures established by 360T for admission;
- (3) distribute the Rules to its Authorized Traders and Authorized Users or cause the Rules to be so distributed; and

(4) if such Person is organized or established under the laws of a country other than the United States:

(i) maintain a presence in the United States, either directly or through a suitable agent, whose personnel are fluent in English, are knowledgeable about the applicant's business, and can assist 360T representatives as necessary;

(ii) represent and certify to 360T that it is in compliance with the registration or authorization requirements of its home country, that it is regulated in its home country by a financial regulatory authority with respect to the maintenance of relevant books and records, that it is subject to regular inspections and examinations by such home country regulator;

(iii) make such other representations as 360T deems necessary; and

(iv) upon request by 360T, submit an opinion of outside counsel on home country law and, if applicable, other relevant non-domestic law, in form and substance acceptable to 360T.

If 360T decides to admit an applicant as a Participant, it will promptly notify the applicant in writing in accordance with Rule 303(c). 360T may deny or condition an application for admission as a Participant: (i) if the applicant is unable to satisfactorily demonstrate its ability to satisfy the eligibility criteria to become or remain a Participant; (ii) if the applicant is unable to satisfactorily demonstrate its capacity to adhere to the Rules and Applicable Law; or (iii) for such other cause as 360T may reasonably determine.

Rule 303(e) provides that if 360T decides to deny or condition an application for admission as a Participant, 360T will promptly notify the applicant in writing, setting forth the reasons for the denial or conditioning of Participant status. The applicant may, within 14 days of the date of such notice, request in writing that the Participant Committee reconsider that determination. The Participant Committee may request additional information from the applicant or establish any other process that it believes is necessary and appropriate to consider the request for reconsideration. Unless extended with the consent of the applicant, the Participant Committee will confirm, reverse or modify the denial or conditioning of the application within 30 days of receiving the request for reconsideration or such longer period as may be agreed by the applicant. The Participant Committee will promptly notify the applicant of its decision in writing, and the decision of the Participant Committee will be final and not subject to appeal at 360T. However, a person who is denied admission at 360T may appeal such decision to the CFTC.

Rule 304 sets forth comparable requirements and limitations for Authorized Traders. Rule 406 sets forth certain requirements related to Customers. Any market participant, including a customer of a swap dealer, that meets the relevant criteria may become a

Participant or a Customer or Authorized Trader sponsored by a Participant. Under Rule 310, 360T has jurisdiction over all Participants, Authorized Traders and Customers.

Pursuant to Rule 305, Participants and Authorized Traders may designate at least one person that is authorized to access the Trading System on its behalf as an Authorized User. Under Rule 305(d) an Authorized User must at all times:

- (1) ensure that activity conducted under the User ID assigned to such Authorized User, or any automated trading system for which the User ID is linked to such Authorized User, complies with Applicable Law and the Rules;
- (2) if such Authorized User was designated by a Participant or an Authorized Trader, have the authority, at 360T's request, to adjust or withdraw any order or request for quote (“**RFQ**”) submitted to the Trading System under any User ID assigned or linked to such Authorized User;
- (3) cooperate promptly and fully with 360T in any investigation, inquiry, audit, examination or proceeding regarding compliance with the Rules or any disciplinary or arbitration proceeding arising thereunder;
- (4) have and maintain all necessary regulatory approvals and/or licenses to act as an Authorized User; and
- (5) agree to such other terms and conditions as may be established by 360T from time to time.

Equal Access

Core Principle 11 (Antitrust Considerations) prohibits SEFs from adopting rules or taking actions that result in an unreasonable restraint of trade. 360T's Rules and policies have been designed to avoid unreasonable restraints of trade or the imposition of any material anticompetitive burden on persons that seek to access the Trading System. 360T has not adopted any rule or taken any action with the intent or result of restraining trade. 360T will not require Participants to acquire an equity interest in 360T, and access will be available to a broad number of Participants and Authorized Traders.

The Participant Committee Charter provides that the Participant Committee must determine the eligibility standards and requirements for initial and continuing Participant status and approve Rules that would result in different categories or classes of Participants receiving access to 360T. The Participant Committee will not recommend that 360T restrict access or impose burdens on access to the Trading System in a discriminatory manner, within each category or class of market participants or between similarly situated categories or classes of market participants.

As provided on its website at <http://www.360t.com>, 360T charges comparable fees to all Participants that receive comparable access to the Trading System. 360T does not restrict access or impose burdens on access in a discriminatory manner within each category or class of Participants or between similarly situated categories or classes of Participants.

Ontario Users

360T will not provide direct access to a participant in Ontario (“**Ontario User**”) unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as an “eligible contract participant” under the CEA.

As noted above, a Participant applicant (including an Ontario User applicant, as applicable) that is organized or established under the laws of a country other than the United States must meet certain requirements, including, but not limited to, the following: (i) represent and certify to 360T that it is in compliance with the registration or authorization requirements of its home country, that it is regulated in its home country by a financial regulatory authority with respect to the maintenance of relevant books and records and that it is subject to regular inspections and examinations by such home country regulator; and (ii) upon request by 360T, submit an opinion of outside counsel on home country law and, if applicable, other relevant non-domestic law, in form and substance acceptable to 360T.

An applicant also must demonstrate to 360T that it has all registrations, licenses and consents required by its constituent documents and by Applicable Law (which includes the Ontario securities laws) to trade swaps listed by 360T. Once admitted, a Participant must continue to comply with such eligibility criteria.

Supervision

Rule 301(d) provides that a Participant may be held accountable by 360T for the actions and omissions of its Authorized Traders and its and their Authorized Users. Under Rule 305(c), it is the responsibility of an Authorized User and its sponsoring Participant or its sponsoring Authorized Trader, as applicable, to ensure that each such User ID is registered with 360T, and that such registration is accurate at all times.

Pursuant to Rule 401, each Participant and Authorized Trader must, and must cause its Authorized Users to:

- (1) use the Trading System in a responsible manner and not for any improper purpose;
- (2) use the Trading System only to conduct business that is subject to the Rules and in a manner consistent with the Rules and Company Requirements;
- (3) comply with the Rules and Company Requirements and act in a manner consistent with the Rules and Company Requirements;
- (4) comply with the rules of a Derivatives Clearing Organization that accepts for clearing a swap traded by the Participant, Authorized Trader or Authorized User on the Trading System, to the extent applicable to such Participant, Authorized Trader or Authorized User and such swap;

(5) observe high standards of integrity, market conduct, commercial honor, fair dealing, and just and equitable principles of trade while conducting or seeking to conduct any business connected with or concerning 360T;

(6) not knowingly mislead or conceal any material fact or matter in any dealings or filings with 360T or in connection with a Company Proceeding;

(7) keep all User IDs, account numbers and passwords related to the Trading System confidential; and

(8) keep, or cause to be kept, complete and accurate books and records relating to its use of 360T as required by Applicable Law, including records of their activity in the index or instrument used as a reference price, the underlying instrument and related derivatives markets with respect to swaps, and make such books and records available for inspection by a representative of 360T or the regulatory services provider and otherwise as required by Applicable Law.

Rule 401(b) additionally provides that each Participant is responsible for all orders, RFQs and transactions effected on the Trading System by or for the account of such Participant, its Authorized Traders and Authorized Users or by any Person using its or their User IDs unless (i) the Participant has directed 360T to deactivate such User ID and 360T has had a reasonable opportunity to act upon such direction, (ii) the unauthorized use of a User ID is due to the gross negligence or willful misconduct of 360T or (iii) the transactions effected through the use of such User ID exceed the limits that 360T has agreed to establish with respect to such transactions.

Recordkeeping

Core Principle 10 (Recordkeeping and Reporting) requires SEFs to maintain records of all activities relating to the business of the SEF for a minimum of five years. Accordingly, under Rule 208, 360T keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access for five years.

5. REGULATION OF PARTICIPANTS ON THE EXCHANGE

5.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of its participants, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

Background

360T has self-regulatory obligations under the CEA, and must, among other things, monitor and enforce compliance with its Rules, including the Rules prohibiting abusive

trade practices. Rule 401 sets out duties and responsibilities of Participants and Authorized Traders, including the requirement to utilize 360T's services in a responsible manner, comply with all Rules, not knowingly mislead or conceal any material fact or matter in any dealings or filings with 360T or in connection with a disciplinary proceeding, and maintain complete and accurate books and records.

Chapter 5 of the Rules contains 360T's trade practice rules. The Rules proscribe several forms of conduct and trade practices including: fraudulent acts (Rule 504); fictitious or noncompetitive transactions (Rule 505); market disruption (Rule 506); market manipulation (Rule 507); disruptive trading practices (Rule 508); misstatements (Rule 509); withholding of customer orders and priority of customer orders (Rule 512); trading against customer orders (Rule 513); front-running (Rule 513); simultaneous buying and selling orders, including crossing orders (Rule 515); wash sales (Rule 516) and pre-negotiated and noncompetitive trades, including money passes (Rule 516). The Rules also prohibit conduct inconsistent with just and equitable principles of trade or that is detrimental to the interest or welfare of 360T (Rule 503). In addition, no Participant may disclose an order other than to a 360T official, the regulatory services provider or a government agency (Rule 514).

360T's ability to detect, investigate and take action with respect to violations of its Rules is provided by the ROC, the CCO and NFA, which is 360T's regulatory services provider. As described in further detail below, 360T is primarily responsible for real-time market monitoring, while NFA is primarily responsible for financial surveillance, daily market surveillance, daily trade practice surveillance and inquiries and investigations. NFA also performs real-time market monitoring and provides services related to disciplinary proceedings.

Regulatory Oversight Committee

360T's self-regulatory program is overseen by the ROC, which is a committee of the Board made up of two Public Directors. As noted in Section 2.1(c), the ROC's duties include monitoring 360T's regulatory program for sufficiency, effectiveness, and independence and overseeing all facets of 360T's regulatory program.

In furtherance of these duties, the ROC has considerable authority to review 360T documentation and independently consult with, and interview, staff of 360T and NFA. Additionally, the ROC also has the authority to retain independent legal counsel and other professional services.

The CCO meets with the ROC regularly to summarize the activities performed for 360T by NFA and highlight the status of any pending inquiries, investigations and disciplinary proceedings. The ROC is also responsible for reviewing the size and allocation of 360T's regulatory budget and resources and the number, hiring, termination and compensation of regulatory personnel.

360T Responsibility

360T has primary responsibility for real-time market monitoring, and reviews trading activity on the Trading System, including trades, RFQs and responses to RFQs. 360T will receive and review reports of any unusual trading activities on the Trading System.

NFA Responsibility

Rule 720 permits 360T to enter into an agreement with a regulatory services provider to provide certain regulatory services. However, 360T retains ultimate decision-making authority with respect to any powers or functions that are delegated the regulatory services provider, including exclusive authority over the issuance of disciplinary charges and any denial of access to the Trading System for disciplinary reasons.

Pursuant to the Regulatory Services Agreement (the “**RSA**”) entered into between 360T and NFA, NFA performs trade practice and market surveillance using an automated surveillance system known as the Sophisticated Warning Analysis Profiling System (“**SWAPS**”). NFA uses SWAPS to monitor for certain types of suspicious transactions in connection with the time, size and percentage parameters that will be set based on the Rules or NFA’s standards, which may be revised from time to time based on product offerings, market activities, trader profile information and 360T’s procedures. NFA reviews all trades executed on the Trading System or otherwise pursuant to the Rules.

As noted above, real-time monitoring of trading is conducted primarily by 360T, but NFA provides a second set of eyes using a view-only market monitor screen through which it can track the activity of specific traders, monitor price and volume information and is alerted to any market messages.

NFA has primary responsibility for performing the investigatory work and any resulting inquiries and investigations. If NFA views any suspicious activity on 360T, it must undertake the following initial steps, which should be completed as soon as possible but in no case later than 15 minutes from the time that the suspicious activity is observed:

- the suspicious activity must be entered into NFA’s Investigation Tracking System;
- 360T’s CCO must be notified;
- the activity in question must be reviewed and a determination must be made, in accordance with guidelines established by the CCO, whether the conduct should be initially classified as either a “Routine Suspicious Activity” or “Suspicious Activity Requiring Emergency Action” or an “Emergency;” and
- it must be determined whether the suspicious activity requires additional analysis, including whether 360T should contact the Participant or Authorized Trader regarding the activity.

360T retains the ultimate decision-making authority with respect to any functions that are performed by NFA, including the reasons for the course of action recommended by NFA. 360T also may conduct its own inquiries and investigations, in lieu of or in conjunction with inquiries or investigations that are being conducted by NFA.

NFA also provides an arbitration forum for the resolution of disputes between Participants and disputes between Participants and their customers.

Information about the disciplinary process at 360T is set forth in Section 7 below.

6. RULEMAKING

6.1 Purpose of Rules

- (a) The exchange has rules, policies and other similar instruments (Rules) that are designed to appropriately govern the operations and activities of participants and do not permit unreasonable discrimination among participants or impose any burden on competition that is not reasonably necessary or appropriate.**

360T maintains a set of written rules and procedures which is publicly available on 360T's website. The Rules appropriately govern the operations and activities of market participants in the following chapters: Chapter 3 (Trading System); Chapter 4 (Business Conduct); Chapter 5 (Trading Practices); Chapter 7 (Disciplinary Rules); and Chapter 8 (Arbitration Rules). 360T believes that the Rules are consistent with applicable Ontario law.

As noted in Section 4, Core Principle 11 (Antitrust Considerations) prohibits SEFs from adopting rules or taking actions that result in an unreasonable restraint of trade or impose any material anticompetitive burdens on trading or clearing. 360T's Rules and policies have been designed to avoid unreasonable discrimination among Participants or impose any burden on competition that is not reasonably necessary or appropriate. See also the Section 15 below.

The CFTC undertakes periodic rule reviews of all SEFs, including 360T. All rule changes must be submitted to the CFTC and are subject to review to ensure compliance with the CEA and CFTC Regulations. SEFs are required to self-certify new rules and rule amendments in accordance with CFTC Regulation 40.6. The CFTC publishes rule certifications publicly on its website.

360T's rules treat all Participants in a similar manner, and thus do not discriminate among Participants. 360T's rules also are designed to facilitate competition among market participants for execution services and thus do not impose any unreasonable burden on competition.

- (b) The Rules are not contrary to the public interest and are designed to**
- (i) ensure compliance with applicable legislation,**

Core Principle 1 (Compliance with Core Principles) requires SEFs to comply with the Core Principles and all applicable CFTC Regulations. 360T's Rules are drafted to comply with such requirements. Pursuant to Rule 310(a), each Participant, Authorized Trader and Authorized User agrees to be bound by, and comply with the Rules and

Applicable Law, in each case to the extent applicable to it. By agreeing to comply with the Rules and Applicable Law, such persons are brought within the scope of the Core Principles and applicable CFTC Regulations. If a Participant, Authorized Trader or Authorized User fails to comply with the Rules or Applicable Law, 360T may at any time revoke, suspend, limit, restrict or qualify such person's Trading Privileges or pursue other sanctions in accordance with the procedures set forth in Chapter 7.

(ii) prevent fraudulent and manipulative acts and practices,

As noted in Section 5, 360T has adopted Rules prohibiting trade practice violations and other illicit conduct, including fraudulent acts (Rule 504), fictitious or noncompetitive transactions (Rule 505), market disruption (Rule 506), market manipulation (Rule 507) disruptive trading practices (Rule 508) and misstatements (Rule 509).

(iii) promote just and equitable principles of trade,

Rule 503 prohibits conduct which is inconsistent with just and equitable principles of trade or that is detrimental to the interest or welfare of 360T. Similarly, Rule 401(a)(5) requires Participants to observe high standards of fair dealing and just and equitable principles of trade while conducting or seeking to conduct any business connected with or concerning 360T. Participants are also required to cause their Authorized Traders to observe such standards. Any Participant or Authorized Trader that does not observe such standards will be subject to disciplinary action in accordance with Chapter 7 of the Rules. As set forth in Rule 714, the potential sanctions available to 360T include, among other things, a warning letter, censure, suspension, expulsion and/or fine.

(iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange,

Coordination with Third Parties

CFTC Regulation 37.504 requires a SEF to share information with other regulatory organizations, data repositories and third-party data reporting services as required by the CFTC or as otherwise necessary and appropriate to fulfill the SEF's self-regulatory and reporting responsibilities. Appropriate information-sharing agreements can be established with such entities or the CFTC can act in conjunction with the SEF to carry out such information sharing. Under Rule 906, 360T has broad discretion to enter into information-sharing agreements to coordinate surveillance with other markets that trade financial instruments related to the swaps listed on the Trading System. 360T may enter into additional agreements or other arrangements or procedures to coordinate surveillance with domestic or foreign regulators (including, but not limited to, the OSC), self-regulatory organizations, clearing organizations, exchanges, markets or other SEFs to share information and provide other forms of mutual assistance for market surveillance, audits, investigations, enforcement actions and other regulatory purposes deemed necessary or appropriate or required by law.

As noted in Section 5, 360T has entered into an RSA with NFA, pursuant to which NFA acts as 360T's regulatory services provider. To facilitate swap data reporting, 360T has entered into a repository service agreement with DTCC Data Repository (U.S.) LLC ("DTCC"), a Swap Data Repository.

360T does not currently list swaps for trading that are required to be cleared. To the extent 360T lists such swaps in the future, 360T will submit those trades to the relevant Derivatives Clearing Organization.

Even absent an information-sharing agreement, Rule 904 provides that 360T may share Participants' and Authorized Traders' information with certain persons, including but not limited to government agencies or the regulatory authorities or any foreign jurisdiction (including the OSC), Derivatives Clearing Organizations, Swap Data Repositories and other persons providing services to 360T.

Alternative Dispute Resolution

Chapter 8 of the Rules provides for the resolution of disputes between or among Participants, Authorized Traders and/or Authorized Users arising from a transaction made pursuant to the Rules. NFA will conduct such arbitrations pursuant to NFA's member arbitration rules. Chapter 8 of the Rules additionally provides for the resolution of disputes between Participants and customers arising from a transaction made or to be made pursuant to the Rules. NFA will conduct such arbitrations pursuant to NFA's customer arbitration rules.

(v) provide a framework for disciplinary and enforcement actions, and

Core Principle 2 (Compliance with Rules) requires SEFs to adopt rules relating to disciplinary procedures and sanctions. As noted in Section 7, Chapter 7 of the Rules sets forth 360T's disciplinary and enforcement process, including the establishment of Disciplinary Panels, the imposition of sanctions and an appeals process.

(vi) ensure a fair and orderly market.

Core Principle 4 (Monitoring of Trading and Trade Processing) requires SEFs to adopt rules relating to trading procedures, and to monitoring trading to prevent manipulation and price distortion. 360T has adopted Rules conforming to such requirements to ensure a fair and orderly market. Chapter 5 of the Rules sets forth certain prohibited trading practices and specifically proscribes manipulation, price distortion and disruptive trading practices. Chapter 7 of the Rules describes 360T's disciplinary and enforcement procedures, which include inquiries, investigations and disciplinary proceedings.

The CCO, Market Regulation Department and NFA implement 360T's monitoring, surveillance and other enforcement functions, and the ROC oversees this activity. As noted above, 360T conducts real-time market monitoring, whereas NFA provides a second set of eyes on a trade day plus one (T+1) basis. In addition, NFA has developed an automated trade surveillance system known as SWAPS that captures all trade and order data, including modifications and cancellations, and uses that data to perform trade

practice and market surveillance services. NFA is also responsible for reviewing 360T's trades on a routine basis to determine whether suspicious activity relating to applicable trading standards exists. The CCO oversees NFA's performance.

Participants are required under Rule 520(b) to maintain order routing/front-end audit trail information. The audit trail requirements facilitate 360T's ability to comprehensively and accurately reconstruct all trading on the Trading System. 360T additionally maintains its own audit trail data to accurately reconstruct all trading on the Trading System.

Pursuant to Rule 401, all Participants and Authorized Traders must maintain all records relating to their use of the Trading System as required by Applicable Law, including all records of trading activity in the underlying commodity and activity in related markets. All such books and records must be made available for inspection by 360T or NFA upon request.

As provided in Rule 524(d), the Trading System permits Participants and Authorized Traders to input and establish credit and/or risk limits on the Trading System. 360T may also require Participants and/or Authorized Traders to input and establish credit and/or risk limits on the Trading System.

7. DUE PROCESS

7.1 Due Process

For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

- (a) parties are given an opportunity to be heard or make representations, and**
- (b) it keeps a record of, gives reasons for, and provides for appeals or reviews of its decisions.**

Discipline and Enforcement

Rule 307 provides that 360T may at any time revoke, suspend, limit, restrict or qualify a Participant's Trading Privileges, and those of its Authorized Traders and its and their Authorized Users, in accordance with the disciplinary procedures set forth in Chapter 7.

Chapter 7 of the Rules sets forth 360T's disciplinary and enforcement process and demonstrates 360T's capacity to detect and investigate rule violations. Chapter 7 of the Rules also sets out detailed procedures with respect to 360T's disciplinary proceedings, including the potential establishment of an optional Review Panel to review an investigation report (Rule 705), the preparation of a notice of charges (Rule 706), the answer to a notice of charges by a respondent (Rule 708), service of notice of charges (Rule 707), settlements (Rule 709), the establishment and operation of a Disciplinary Panel (Rule 710), the respondent's right to review evidence (Rule 711), conducting

hearings of the Disciplinary Panel (Rule 712), Disciplinary Panel decisions (Rule 713), and the imposition of sanctions (Rule 714). Rule 715 sets out the procedures for filing appeals, including the creation of an Appeal Panel. 360T may also impose summary fines relating to submission of records pursuant to Rule 716. 360T also reserves the right to impose disciplinary sanctions in an emergency in accordance with Rule 717. The rights and responsibilities of a Participant, Authorized Trader or Authorized User after suspension or termination are governed by Rule 718. 360T will provide written notice of disciplinary proceedings in accordance with Rule 719.

The Market Regulation Department (which includes NFA), in accordance with Rule 702, has the authority to initiate and conduct inquiries and investigations, prepare investigative reports, make disciplinary recommendations and prosecute violations. Rule 702 also provides the Market Regulation Department with the authority to collect information and documents and examine Participants' books and records during an investigation. Rule 702(e) also requires each person in 360T's jurisdiction to produce books, records, papers, documents or other tangible evidence in such Person's possession, custody or control within the time period required by 360T. Pursuant to Rule 403, 360T has the right to access and inspect systems, equipment, and software operated by a Participant or Authorized Trader, wherever located, access the systems, equipment, software, and the premises on which the systems, equipment, and software are located, data stored in such systems or equipment, and copy and/or reproduce such data.

Under Rule 702, the Market Regulation Department will commence an investigation upon the receipt of a request from CFTC staff or upon the discovery or receipt of information that indicates a reasonable basis for a finding that a violation has occurred or will occur. Pursuant to Rule 703(d), absent mitigating circumstances, all investigations must be completed within 12 months after the date the investigation is opened. No person with a conflict of interest will be permitted to participate in any 360T enforcement action or Disciplinary Panel.

Rule 705(a) provides that after the completion of an Investigation Report and the receipt of any submission made by the proposed respondent pursuant to Rule 704(b), the CCO may establish a Review Panel pursuant to Rule 710. Within 30 days thereafter, the Review Panel must review the completed Investigation Report and determine whether a reasonable basis exists for finding a violation of the Rules and authorizing the issuance of a notice of charges.

Under Rule 706, if the Market Regulation Department or Review Panel authorizes the initiation of disciplinary proceedings, the Market Regulation Department will prepare and serve a notice of charges. The notice of charges must: (i) state the acts, practices or conduct in which the respondent is alleged to have engaged; (ii) state each specific Rule alleged to have been violated or about to be violated; (iii) advise the respondent of its right to a hearing; (iv) advise the respondent that it has the right to be represented by legal counsel or any other representative of its choosing in all succeeding stages of the disciplinary process; (v) state the period of time within which the respondent may file an answer to, and request a hearing on, the notice of charges which will, except for good cause, not be less than 20 days after service of the notice of charges; (vi) advise the

respondent that any failure to request a hearing within the period stated, except for good cause, will be deemed to constitute a waiver of the right to a hearing; and (vii) advise the respondent that any allegation in the notice of charges that is not expressly denied will be deemed to be admitted.

To answer the notice of charges, Rule 708 requires a respondent to: (i) specify the allegations that it denies or admits; (ii) specify the allegations that it does not have sufficient information to either deny or admit; (iii) specify any specific facts that contradict the notice of charges; (iv) specify any affirmative defenses to the notice of charges; (v) sign and serve the answer on the CCO; and (vi) if applicable, request a hearing before a Disciplinary Panel. If a respondent admits or fails to deny any of the allegations in the notice of charges, the Disciplinary Panel will find that the violations set forth in the allegations have been committed and will impose a sanction for each violation.

Pursuant to Rule 709, the respondent may propose in writing an offer of settlement to anticipated or instituted disciplinary proceedings. All offers of settlement must be submitted to the CCO. The CCO will forward the offer, together with his or her recommendation on whether to accept or reject the offer, to the Disciplinary Panel. The respondent or potential respondent may withdraw such offer of settlement at any time before acceptance by the Disciplinary Panel, but may not withdraw such offer at any time after acceptance by the Disciplinary Panel.

As provided in Rule 712, all disciplinary proceedings (except for summary impositions of fines) will be conducted at a hearing before a Disciplinary Panel, which is appointed by the CCO pursuant to Rule 710. Each Disciplinary Panel consists of three individuals, at least one of whom would qualify to serve as a Public Director. To the greatest extent practicable, the remaining two members must be from diverse industry participant groups so that no group or class of industry participants dominates or exercises a disproportionate influence on the Disciplinary Panel. No employee of 360T may serve on a Disciplinary Panel. No individual may serve on a Disciplinary Panel unless that individual has agreed in writing that he or she will not publish, divulge, or make known in any manner facts or information regarding the business of any person or other information which may come to his or her attention in his or her official capacity as a member of the Disciplinary Panel, except when reporting to the Board or to a committee concerned with such information or to 360T, when requested by the CFTC or other government agency, or when compelled to testify in any judicial or administrative proceeding. The Board may, at any time, remove any member of a Disciplinary Panel for cause.

Prior to the commencement of a hearing, each respondent will be given the opportunity under Rule 711 to review certain books, records, documents, papers, transcripts of testimony and other evidence in the possession or under the control of 360T that 360T will use to support the allegations and proposed sanctions in the notice of charges or which the chairman of the Disciplinary Panel deems relevant to those charges.

Under Rule 712, 360T will present its case supporting the allegations and proposed sanctions in the notice of charges to the Disciplinary Panel. If a respondent has timely filed an answer to the notice of charges, the respondent is entitled to appear personally and participate in the hearing. At the hearing, 360T and each respondent may: (i) present evidence and facts deemed relevant and admissible by the chairman of the Disciplinary Panel; (ii) call and examine witnesses; and (iii) cross-examine witnesses called by other parties. All Participants, Authorized Traders and Authorized Users who are called as witnesses are required to appear at the hearing and, where applicable, produce evidence. 360T will make reasonable efforts to secure the presence of other persons called as witnesses whose testimony would be relevant (as determined by the chair of the Disciplinary Panel). A Disciplinary Panel may appoint an expert to attend any hearing and assist in deliberations if such expert is made subject to appropriate confidentiality requirements.

Rule 712(f) requires 360T to arrange for any hearing conducted in connection with disciplinary proceedings to be recorded verbatim, or substantially verbatim, in a manner capable of accurate transcription. If the respondent requests a copy of all or portions of the recording of a hearing, the chairman of the Disciplinary Panel may require the respondent to pay the costs for transcribing the recording of the hearing.

Pursuant to Rule 713, the Disciplinary Panel will render a written decision based on the weight of the evidence contained in the record of the disciplinary proceedings. A decision by a majority of the Disciplinary Panel will constitute the decision of the Disciplinary Panel. 360T will serve a copy of the written decision on the respondent. The written decision will include the following information: (i) the notice of charges or summary of the allegations; (ii) the answer, if any, or a summary of the answer filed by the respondent; (iii) a brief summary of the evidence introduced at the hearing or, where appropriate, incorporation by reference of the investigation report; (iv) findings of fact and conclusions concerning each allegation, including a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each allegation; (v) each specific Rule that the respondent is found to have violated; and (vi) the imposition of sanctions, if any, including the basis for such sanctions and the effective date of each sanction.

Investigations may be resolved through a warning letter; however, no more than one warning letter for the same potential violation may be issued to the same potential respondent during a rolling 12-month period. See Rule 714(b)(1).

Appeals

Parties to a disciplinary proceeding may appeal the decision of the Disciplinary Panel in accordance with Rule 715. Rule 715(f) provides that an Appeal Panel must be composed of three individuals that have been appointed by the CCO, at least one of whom shall meet the “Public Member” requirements set forth in Rule 201(d)(1)-(5). To the greatest extent practicable, the remaining two members must be from diverse industry participant groups so that no group or class of industry participants dominates or exercises a disproportionate influence on the Appeal Panel. No individual may serve on the Appeal

Panel for any Disciplinary Proceeding if such individual has served on the Disciplinary Panel for such Disciplinary Proceeding.

The Appeal Panel will only consider on appeal the record before the Disciplinary Panel, the notice of appeal, the briefs filed in support and opposition of the appeal, and any oral arguments of the parties. The Appeal Panel may only consider new evidence when the Appeal Panel determines that good cause exists as to why the evidence was not introduced during the disciplinary proceeding.

After completing its review, the Appeal Panel may affirm, modify or reverse any order of the Disciplinary Panel under appeal, in whole or in part, including increasing, decreasing or eliminating any sanction or remedy imposed, imposing any other sanction or remedy authorized by the Rules, remanding the matter to the same or a different Disciplinary Panel for further disciplinary proceedings, or ordering a new hearing. As promptly as reasonably possible following its review, the Appeal Panel will issue a written decision based on the weight of the evidence before the Appeal Panel.

Summary Suspensions

Under Rule 717, 360T may summarily suspend a Participant's right to access the Trading System if 360T reasonably believes such immediate action is necessary to protect the best interests of the public or 360T. If practicable, 360T will serve the party against whom such action is contemplated with prior written notice. If prior notice is not practicable, 360T will give notice at the earliest possible opportunity to the person that is subject to such suspension.

A Participant may request a hearing with respect to such suspension. If requested, a Disciplinary Panel will promptly conduct a hearing concerning the summary suspension, and will render a written decision based on the weight of the evidence contained in the record of the proceeding. The order will include a description of the summary action taken, a summary of the evidence introduced at the hearing, a statement of findings of fact and conclusions, a description of any action taken or to be taken by 360T, and the effective date, time and duration thereof.

Applications and Access

Pursuant to Rule 303, if 360T decides to admit an applicant as a Participant, it will promptly notify the applicant in writing. 360T may, however, deny or condition an application for admission as a Participant: (i) if the applicant is unable to satisfactorily demonstrate its ability to satisfy the eligibility criteria to become or remain a Participant; (ii) if the applicant is unable to satisfactorily demonstrate its capacity to adhere to the Rules and Applicable Law; or (iii) for such other cause as 360T may reasonably determine.

If 360T decides to deny or condition an application for admission as a Participant, 360T will promptly notify the applicant in writing, setting forth the reasons for the denial or conditioning of Participant status. The applicant may, within 14 days of the date of such notice, request in writing that the Participant Committee reconsider that determination.

The Participant Committee may request additional information from the applicant or establish any other process that it believes is necessary and appropriate to consider the request for reconsideration. Unless extended with the consent of the applicant, the Participant Committee will confirm, reverse or modify the denial or conditioning of the application within 30 days of receiving the request for reconsideration or such longer period as may be agreed by the applicant. The Participant Committee will promptly notify the applicant of its decision in writing. The decision of the Participant Committee will be final and not subject to appeal.

Recordkeeping

Core Principle 10 (Recordkeeping and Reporting) requires SEFs to maintain records of all activities relating to the business of the SEF for a minimum of five years. Pursuant to Rule 207(a), 360T keeps records of all records relating to disciplinary actions, appeals and Participant applications.

8. CLEARING AND SETTLEMENT

8.1 Clearing Arrangements

The exchange has or requires its participants to have appropriate arrangements for the clearing and settlement of transactions for which clearing is mandatory through a clearing house.

CFTC Regulation 37.701 provides that transactions executed on or through a SEF that are required to be cleared under the CEA or are voluntarily cleared by the counterparties must be cleared through a derivatives clearing organization registered or exempt from registration with the CFTC. As noted in Section 6.1(b)(iv), 360T does not currently facilitate the trading of swaps that are subject to mandatory clearing at this time. If 360T offers these services in the future, it will revise its Rulebook accordingly.

8.2 Risk Management of Clearing House

The exchange has assured itself that the clearing house has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

As noted above, 360T does not submit any swaps for clearing to a clearing house.

9. SYSTEMS AND TECHNOLOGY

9.1 Systems and Technology

Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

- (a) order entry,
- (b) order routing,
- (c) execution,
- (d) trade reporting,
- (e) trade comparison,
- (f) data feeds,
- (g) market surveillance,
- (h) trade clearing, and
- (i) financial reporting.

9.2 System Capability/Scalability

Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:

- (a) makes reasonable current and future capacity estimates;
- (b) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;
- (c) reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;
- (d) ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;
- (e) ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;
- (f) maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and
- (g) maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

Background

Core Principle 14 (System Safeguards) requires SEFs to establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk by developing appropriate controls and procedures and automated systems that are reliable and secure and have adequate scalable capacity. Core Principle 14 additionally requires SEFs to establish and maintain emergency procedures, backup facilities and a disaster recovery plan and periodically conduct tests to verify that the backup resources are sufficient. 360T has developed the Trading System technology in compliance with Core Principle 14 and CFTC Regulations.

360T subjects the Trading System's critical systems to regular stress tests based on reasonable current and future capacity estimates. The Trading System is also tested for a range of externalities which may damage or impair the operation of the system, including, but not limited to, vulnerability to internal and external threats, including physical hazards and natural disasters and safeguarded against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service.

360T's critical systems are managed through its Enterprise Risk Management program, which is based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management framework. The Enterprise Risk Management program is designed to identify potential events that may affect 360T, to ensure risk is within 360T's risk appetite, and to provide reasonable assurance regarding the achievement of entity objectives. The Enterprise Risk Management process is effected by the Board, management and other personnel and applied in a strategy setting across the firm.

360T's Enterprise Risk Management program includes each of the following:

- **Event Identification:** Identify internal and external events affecting the achievement of 360T's objectives.
- **Risk Assessment:** Analyze risks considering the likelihood and impact in order to determine how they should be managed.
- **Risk Response:** Decide for each identified and analyzed risk between the possible response to avoid, accept, reduce, or share the risk. Develop a set of actions to align risks with our risk tolerances and risk appetite.
- **Control Activities:** Policies and procedures are established and implemented to help ensure the risk responses are effectively carried out.
- **Information and Communication:** Relevant information is identified, captured, and communicated in a form and timeframe that enable people to carry out their responsibilities.

- **Monitoring Activities:** 360T's risk management processes are monitored and modifications made as necessary.

The components of 360T's Enterprise Risk Management program are independently audited as part of 360T's ISAE-3402 certification.

Business Continuity and Disaster Recovery

In accordance with Core Principle 14, 360T maintains a Business Continuity Plan (the "BCP"). 360T's business continuity/disaster recovery program supports the continued performance of critical functions in the event the headquarters or primary data center is unavailable due to a significant business interruption. The business continuity/disaster recovery program has six objectives:

- (1) to ensure the continuity and recovery of the critical functions through the use of its secondary/disaster recovery facility;
- (2) to minimize the disruption to market participants and business partners;
- (3) to protect the firm's books and records;
- (4) to reduce the number and frequency of ad hoc decisions following a significant business interruption;
- (5) to educate employees on the contingency plans and their roles and responsibilities in executing those plans; and
- (6) to comply with regulatory requirements.

360T maintains two remote sites contracted from leading datacenter providers to be used in the event of a disaster. These sites are disaster-resistant "bunkered" sites, with redundant power sources, data communications and hardware. The sites also have power generators that can maintain operations independent of local power availability. All business critical data (trade, positions and back office transactions) and risk management data are mirrored to these sites in real time, so that all of the data necessary to recover the systems is available at the remote sites at any given time.

Under the BCP, every combination of alternate location and business function are tested at least annually. Any identified issues are noted in the post-test report for follow up action. The BCP will be revised as needed after any significant change to services provided or systems used by 360T, but not less than annually. Component and data center level failure scenarios are tested multiple times per year.

Systems Changes and Testing

360T is obligated by CFTC Regulation 37.1401 to promptly notify the CFTC of any electronic trading halts and material system malfunctions, cyber security incidents or targeted threats that actually or potentially jeopardize automated system operation,

reliability, security or capacity, and activations of 360T's business continuity-disaster recovery plan. Additionally, 360T must notify the CFTC of any material planned changes to the automated systems that are likely to have a significant impact on the reliability, security or adequate scalable capacity of such systems and planned changes to 360T's program of risk analysis and oversight.

Senior IT management must approve all planned changes to systems, whether the result of an incident, routine maintenance, or new application or infrastructure project. All changes have documented implementation and roll-back procedures.

Application changes are monitored and tracked via an issue and project tracking system. This system tracks the progress of the development and testing of application changes. Major changes and new applications are made into projects following the formal 360T delivery method, whereas minor or routine changes need only be scrutinized and approved by technology management.

Additional measures for IT systems are planned to reinforce resiliency. By understanding the capacity of each hardware and software component, a good approximation can be developed of capacity needs and back-up facilities to support anticipated loads.

360T has an adequate information security program to protect data, assets and physical and environmental security. The goal of the information security program is to protect the confidentiality, integrity, and availability of 360T and its participants' information systems and data. The information security program includes:

(1) Asset Management - Asset management enables efficient, cost-effective methods for supporting, securing, and planning for upgrades, migrations, staff training, and future technology installations.

(2) Physical and Environmental Security - The information security program enables the management of access to data centers and data and requires approval (e.g., guards, ID badge) for entry into two vendor owned centers where all production systems and data housed. Both data centers define equipment security surrounding location, support utilities, cabling security, maintenance, and secure removal and re-use. Approval is required for the use of special software, hardware, presentation equipment and home laptop use.

(3) Authorization, Authentication and Access Control - All computer systems have access controls that require the identity of the user requesting access (User-ID) and a confidential code, which is known only by the authorized user (password). Users are required to keep passwords confidential at all times. All policies must be adhered to whether internally or remotely connecting. Access to modify production data, programs and operating system is limited and requires confidentiality on the firm's data.

(4) Internet, E-mail and Data Policy - All employees must comply with their internet and e-mail policies to ensure that confidential or non-public information is

transmitted only in accordance with data policies. The information security program works to ensure that malicious computer viruses are not introduced into the environment through inappropriate internet use or the download of unauthorized software. All non-public data that traverses public networks is encrypted to ensure privacy. Data is stored on central file servers to allow offline and offsite access. Central file servers are backed-up nightly.

(5) Record Retention - 360T maintains records of transactions executed on its facility for at least five years. Customized checklists are provided based on document type (banking records, accounting records, etc.) to assist employees in determining retention requirements and directs departments on an annual purging process to ensure records are not maintained longer than required.

(6) Accountability, Compliance and Auditability - Adherence to security standards, reporting of violations and disciplinary action for non-compliant behavior is required. Logs for production system and application events are maintained and governs usage of firm equipment by requiring authorization. Policy also specifies non-disclosure of data and auditing policies (copying of proprietary data).

360T also utilizes a capacity management process that encompasses the following:

(1) Monitoring the performance and throughput of IT systems and the supporting infrastructure components using industry standard monitoring products.

(2) Undertaking tuning activities to make the most efficient use of existing resources. The performance test environment is used to identify the tuning that will be most efficient.

(3) Understanding the demands currently being made for IT systems and producing forecasts for future requirements. The performance test environment is used to evaluate future capacity requirements.

(4) Establishing, maintaining, and verifying the performance and capacity baselines, which enable IT to provide services of the quality defined in the service level agreements (the “SLAs”).

(5) Utilizing the performance test environment to establish and predict the resource and capacity requirements is crucial to meeting the SLAs.

Testing is completed throughout the system development cycle, leveraging industry standard approaches on the appropriate technology platforms using standard procedures including:

(1) Functional Testing: This focuses on new requirements and new code introduced into the system. This is the first stage of testing and is focused on ensuring new features have been implemented correctly. This type of testing is based upon both black box and white box techniques. Black box testing is

defined as verifying the functionality of an application using test cases built around specifications and requirements. White box testing is defined as verifying internal structures or workings of an application as opposed to its functionality.

(2) Regression Testing: This focuses on verification of existing functionality to ensure the introduction of new code has no adverse effects. This testing may be performed in conjunction with functional testing, although ideally begins when functional testing has completed.

(3) Integration Testing: This focuses on verification of the integrity of the interfaces and communication between applications, both internal and external. Integration testing does not cover the full scope of application functionality, but focuses on the flow of data throughout the system and the touch points with external systems and business partners. This testing begins once all functional and regression testing is complete.

(4) Production Parallel Testing: This typically takes place in parallel to member simulation testing, two to three weeks prior to production implementation, once functional, regression, and integration testing are complete. Production parallel testing involves replaying production activity through a quality assurance environment and comparing key system outputs at defined verification points against production outputs created for the same business day. This testing functions like a “system regression,” focused on ensuring only explainable differences are found.

(5) Performance Testing: This focuses on analysis of responsiveness and stability of applications under a particular load. Analysis is performed on areas including, but not limited to, software, hardware, databases, networks, and messaging. Results are used as input into discussions regarding scalability, reliability, and resource usage. The role of quality assurance in this type of testing is ancillary to that of lead developers and architects.

(6) User Acceptance Testing: This focuses on verification of business functionality exercised by 360T market participants. The effort is coordinated with internal business representatives and external members to derive structured test scenarios to be executed either by members themselves or quality assurance staff per direction of members or business representatives. The expectation is that members sign-off on test results, indicating their readiness for production launch. This testing may be structured or “open.” Structured tests could be carried out in quality assurance environments or a member test environment, such as simulation and usually have defined inputs and expected results in the form of test cases or scenarios. Open tests are generally carried out in the simulation environment, allowing members to execute scenarios of their choosing and at their convenience over a specified period of time prior to production launch.

Finally, 360T conducts regular external penetration tests via a third-party vendor to identify vulnerabilities in 360T's networks and systems and to measure the effectiveness of controls employed by 360T.

9.3 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and respond to market disruptions and disorderly trading.

Rule 526 describes 360T's procedures for adjusting trade prices or canceling (busting) trades as a result of an error. 360T has authority to adjust trade prices or cancel (bust) trades when such action is necessary to mitigate market-disrupting events caused by the improper or erroneous use of the Trading System or by a malfunction or other technical error in the Trading System. 360T also may adjust trade prices or bust any trade if 360T determines that allowing the trade to stand as executed may have a material, adverse effect on the integrity of the market. Rule 526 also sets forth certain other procedures for adjusting trade prices and cancelling trades executed on the central limit order book (the "CLOB"), through the RFQ functionality and/or as a prime broker transaction.

360T provides various training materials and instruction manuals relating to the operation of the Trading System and operates an around-the-clock help desk to support customers.

Pursuant to Rule 526, 360T has authority to adjust trade prices or cancel (bust) trades when such action is necessary to mitigate market-disrupting events caused by the improper or erroneous use of the Trading System or by a malfunction or other technical error in the Trading System. 360T may adjust trade prices or bust any trade if 360T determines that allowing the trade to stand as executed may have a material, adverse effect on the integrity of the market. 360T may determine to review a trade based on its independent analysis of market activity or upon request for review by a Participant. Upon deciding to review a trade, 360T will promptly issue an alert to all Participants via the Trading System or electronic mail indicating that the trade is under review.

During an Emergency, the Board may implement temporary emergency procedures and rules ("Emergency Rules"), subject to applicable provisions of the CEA and CFTC Regulations. If the Chief Executive Officer determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, the Chief Executive Officer shall have the authority, without Board action, to implement Emergency Rules with respect to such Emergency as he or she deems necessary or appropriate to respond to such Emergency. 360T also may take such other action as may be directed by the CFTC in response to an Emergency.

Emergency Rules may require or authorize 360T, the Board, any Committee, the Chief Executive Officer or any other Officer to take actions necessary or appropriate to respond to the Emergency, including: (1) suspending or curtailing trading or limiting trading to liquidation only (in whole or in part); (2) extending, limiting or changing expiration dates or trading hours for one or more Swaps; (3) ordering the fixing of a settlement price; (4) ordering the liquidation or

transfer of Swaps or the reduction of positions; (5) temporarily modifying or suspending any provision of the Rules; (6) requiring additional margin to be collected from Customers; (7) imposing or modifying price limits, position limits or intraday market restrictions; (8) in coordination with applicable Derivatives Clearing Organizations, transferring Customer Swaps and related margin and/or altering any Swap's settlement terms or conditions; and/or (9) providing for the carrying out of any actions under Rule 912(b) by the Regulatory Services Provider.

360T will use reasonable efforts to notify the CFTC prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not practicable, 360T will notify the CFTC as soon as reasonably practicable, but in all circumstances within twenty-four (24) hours of the implementation, modification or termination of such Emergency Rule.

Whenever 360T takes action to respond to an Emergency it will, where practicable, ensure that prompt notice is given to Participants. When 360T determines that the Emergency has been reduced sufficiently to allow it to resume normal functioning, any such actions will be modified or terminated, as appropriate.

Upon taking any action in response to an Emergency, 360T shall document the decisions and deliberations related to such action. Such documentation will be maintained for at least five (5) years following the date on which the Emergency ceases to exist or to affect 360T, and all such documentation will be provided to the CFTC upon request.

See also the Sections 9.1 and 9.2 above.

10. FINANCIAL VIABILITY

10.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

Core Principle 13 (Financial Resources) requires a SEF to maintain financial, operational, and managerial resources exceeding the total amount that would enable the SEF to cover its operating costs for a one-year period, as calculated on a rolling basis. CFTC Regulation 37.1305 additionally requires a SEF to maintain unencumbered, liquid financial assets (i.e., cash and/or highly liquid securities) equal to at least six months' operating costs.

360T has adequate financial, operational, and managerial resources to discharge each of its responsibilities. As required by CFTC Regulations, 360T maintains financial resources sufficient to cover its operating costs for a one-year period, as calculated on a rolling basis. 360T also maintains sufficient liquid financial resources equal to at least six months' operating costs.

360T submits quarterly reports of its financial resources calculations to the CFTC. Prior to submission, the Board reviews and approves the financial reports.

11. TRADING PRACTICES

11.1 Trading Practices

Trading practices are fair, properly supervised and not contrary to the public interest.

Core Principle 4 (Monitoring of Trading and Trade Processing) requires SEFs to adopt rules relating to trading procedures, and to monitoring trading to prevent manipulation and price distortion. Chapter 5 of the Rules sets forth the trading practices on the Trading System. Rule 524 provides a summary of the execution methods available on the Trading System, including an RFQ functionality and a CLOB that interacts with the RFQ functionality.

Request for Quote

The RFQ process begins when a market taker sends a “request for quote stream” to one or more market makers with whom it has existing trading relationships.

After the market makers receive this request, they then determine whether and under which conditions they would be willing to trade with the market taker. These determinations are typically made automatically via pricing engines utilized by market makers. While a market maker will know the market taker’s identity, it will not know the identity of the other market makers with whom it is competing.

If the market taker desires to transact with a market maker, it will send an execution request to the market maker. The market maker then may either accept or reject this execution request.

Central Limit Order Book

The CLOB serves as a mechanism pursuant to which Participants may post limit orders that are displayed to other Participants and which may be filled on an all-or-none basis. All limit orders must have a minimum time-in-force of not less than 15 seconds, and thus cannot expire or be canceled before this minimum time period has elapsed.

A limit order will be displayed as executable as between Participants that have established a counterparty relationship if the order is within the credit limits for such Participants as communicated to 360T. Otherwise, the limit order will be displayed as having an indicative price.

Opposing limit orders that match are not automatically executed on the CLOB. Instead, a Participant that desires to execute against a limit order displayed by another Participant must contact such Participant directly in order to consummate such execution.

The RFQ platform and CLOB interact as follows:

- If a response to an RFQ matches an executable limit order that is resting in the CLOB, then the Trading System will display that executable limit order to the market taker that initiated the RFQ. In addition, the best indicative limit order resting in the CLOB also will be displayed to the market taker.
- If a market maker provides a quote via its pricing engine in response to an RFQ which matches a limit order that it has placed on the CLOB, only the quote which is latest in time will be displayed to a market taker.

Pursuant to Rule 313, 360T provides public notice of 360T's business days and the trading hours applicable for each swap. The procedures for each execution method are fair, transparent and consistent with industry practices.

As noted in Section 6.1(b)(vi), the CCO, Market Regulation Department and NFA implement 360T's monitoring, surveillance and other enforcement functions, and the ROC oversees this activity.

11.2 Orders

Rules pertaining to order size and limits are fair and equitable to all market participants and the system for accepting and distinguishing between and executing different types of orders is fair, equitable and transparent.

As provided in Rule 524(d), the Trading System permits Participants and Authorized to input and establish credit and/or risk limits on the Trading System. 360T may also require Participants and/or Authorized Traders to input and establish credit and/or risk limits on the Trading System. A person establishing credit and/or risk limits on the Trading System is solely responsible for evaluating the creditworthiness of each person for whom it establishes such limit and for ensuring that such person is in compliance with any such limits. Each Participant, Authorized Trader or Authorized User is responsible for ensuring that it is in compliance with any such credit limits. 360T has no particular rules limiting the size of an order (that is, the number of contracts in a particular buy or sell order). All Participants may utilize all orders types and services offered by 360T, and 360T provides the same level of functionality and services to all of its Participants.

Rule 520 requires each person entering an order into the Trading System or originating or responding to a RFQ to include with such order or RFQ such information as may be required by 360T, including, to the extent applicable, the legal entity identifier assigned to each party to a swap and to each party for whom an order is submitted or RFQ is originated or responded to. Each person must include the customer type indicator code with each order or RFQ. Under Rule 528(d), each person entering an order or RFQ is required to include certain information relating to swap data reporting, including whether such person is a swap dealer or major swap participant.

As noted in Section 9.3, 360T provides various training materials and instruction manuals relating to the operation of the Trading System. All trading procedures described in such materials are fair and equitable to all market participants.

11.3 Transparency

The exchange has adequate arrangements to record and publish accurate and timely information as required by applicable law or the Foreign Regulator. This information is also provided to all participants on an equitable basis.

Core Principle 10 (Recordkeeping and Reporting) requires SEFs to make public timely information on price, trading volume, and other trading data on swaps. Pursuant to Rule 407, 360T publishes on its website each day information regarding volume, price ranges (based on non-cancelled bids, non-cancelled offers, and sales) subject to such prices accurately reflecting market conditions, and opening and closing prices.

In addition, 360T reports swap data to DTCC in accordance with CFTC Regulations. As required by CFTC Regulations, Rule 903(e) prohibits 360T from providing such swap data to persons with access to the Trading System until the time it transmits such information to a Swap Data Repository. DTCC reports real-time swap transaction and pricing data to the public pursuant to Part 43 of CFTC Regulations based on the data it receives from 360T.

360T also makes the following data public:

- Notices of pending product certifications and a copy of the related CFTC submission
- Pending Rulebook amendments and a copy of the related CFTC submission
- 360T SEF Rulebook
- 360T SEF User Guides
- 360T SEF Fees
- 360T SEF Contract Specifications

Pursuant to Rule 719, whenever 360T suspends, expels, fines, or otherwise disciplines or denies any person access, 360T must publicly disclose such action as required by CFTC Regulations. CFTC Regulations 9.11 and 9.12 generally require 360T to provide written notice to the respondent and the CFTC at least 15 days before any of the foregoing actions become effective. The written notice must include certain information, including (i) the respondent's name, (ii) the reasons for the action with a list of Rules that were violated or otherwise implicated, (iii) a statement of the conclusions and findings, (iv) the terms of the action, (v) the date of action and effective date and (vi) except as otherwise provided in CFTC Regulation 9.1(b), a statement informing the respondent of the availability of CFTC review of the exchange action pursuant to Section 8c of the Commodity Exchange Act and Part 9 of the CFTC's regulations. The notice must be certified as true and correct by a duly authorized officer, agent or employee of 360T.

12. COMPLIANCE, SURVEILLANCE AND ENFORCEMENT

12.1 Jurisdiction

The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

Rule 310(a) provides that each Participant, Authorized Trader or Authorized User agrees to the following:

- (1) to be bound by, and comply with the Rules, Company Requirements and Applicable Law, in each case to the extent applicable to it;
- (2) to be bound by the acts and omissions of its Authorized Traders and/or Authorized Users, as applicable, and to be subject to the jurisdiction of 360T with respect to all matters arising from or related to the acts or omissions of such persons;
- (3) to assist 360T in complying with 360T's legal and regulatory obligations and to cooperate with 360T in any inquiry, investigation, audit, examination or proceeding; and
- (4) to authorize 360T to provide information regarding such Participant, Authorized Trader or Authorized User to any government agency, self-regulatory organization or other person information concerning or associated with a Participant or other person that 360T believes is necessary and appropriate in exercising a legal or regulatory function, whether or not a formal arrangement governing the disclosure exists or a request for information was made.

Under Rule 310(b), a Participant, Authorized Trader or Authorized User whose Trading Privileges and/or ability to otherwise access the Trading System are suspended, revoked or terminated will remain bound by the Rules, Company Requirements and Applicable Law, in each case to the extent applicable to it, her or him, and subject to 360T's jurisdiction with respect to all matters arising prior to and during the period of any such suspension or prior to any such revocation or termination. Pursuant to Rule 310(c), each customer agrees that it is subject to 360T's jurisdiction with respect to all matters arising from or related to the transactions effect by or on behalf of customer on the Trading System.

12.2 Member and Market Regulation

The exchange or the Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with exchange and legislative requirements and for disciplining participants.

Core Principle 2 (Compliance with Rules) requires a SEF to 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. CFTC Regulations require each SEF to maintain arrangements and sufficient compliance staff and resources to

ensure that it can effectively enforce its rules. See CFTC Regulations 37.203(b) and (c) and 37.206(a).

In accordance with Core Principle 2 and CFTC Regulations, 360T has made appropriate arrangements to ensure that it has appropriate systems, resources and procedures for evaluating compliance with the Rules and legislative requirements and for disciplining market participants. The CCO and ROC monitor 360T's compliance resources and will engage additional personnel as deemed necessary on a temporary or permanent basis. 360T's ability to detect, investigate and take action with respect to violations of its Rules will be provided by the ROC, the CCO and NFA acting as 360T's regulatory services provider.

As provided in its charter, the ROC will periodically review the sufficiency, independence and effectiveness of 360T's regulatory program. See also Section 2.1(c). 360T expects that in the absence of unusual circumstances, most investigations will be completed within 90 days after initiation.

For further details, see Section 5.

12.3 Availability of Information to Regulators

The exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory or enforcement purposes is available to the relevant regulatory authorities, including the Commission, on a timely basis.

Under Rule 207(b), 360T may disclose to any government agency (including the OSC), self-regulatory organization or other person information concerning or associated with a Participant or other person that 360T believes is necessary and appropriate in exercising a legal or regulatory function, whether or not a formal arrangement governing the disclosure exists or a request for information was made.

Rule 904(b) allows 360T to share information with a government agency or the regulatory authority of any foreign jurisdiction (including the OSC), if 360T is requested or legally required to do so by such government agency. 360T's CCO or his designee will respond to any requests by the OSC.

13. RECORD KEEPING

13.1 Record Keeping

The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.

Core Principle 10 (Recordkeeping and Reporting) requires a SEF to maintain records of all activities relating to its business, including a complete audit trail, for a period of five years. CFTC Regulation 37.1001 similarly requires a SEF to maintain records of all

activities relating to its business, including a complete audit trail for all swaps executed on or subject to the rules of the SEF, investigatory files and disciplinary files. In addition, rule 401(a) requires all Participants to keep accurate books and records relating to their use of 360T as required under Applicable Law, and to make such records available to the CFTC or the U.S. Department of Justice upon request.

Rule 207(a) requires 360T to keep, or cause to be kept, all books and records required to be maintained pursuant to the CEA and CFTC Regulations for at least five years. As required by CFTC Regulations, 360T maintains complete and accurate books and records relating to its operations, audit trail information on all trades and disciplinary and enforcement actions.

14. OUTSOURCING

14.1 Outsourcing

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

CFTC Regulation 37.204 allows a SEF to contract with a registered futures association to act as regulatory service provider for the SEF. Rule 720 permits 360T to enter into an agreement with a regulatory services provider to provide certain regulatory services. As noted in Section 5, 360T has entered into an RSA with NFA, pursuant to which NFA performs trade practice and market surveillance and real-time market monitoring of trading activity on the Trading System. As provided in Rule 720(c), 360T retains ultimate decision-making authority with respect to any powers or functions that are delegated to NFA. 360T has weekly calls and periodic meetings with NFA staff to ensure that NFA is effectively performing its obligations under the RSA. 360T has similar authority with respect to the other vendors it utilizes.

15. FEES

15.1 Fees

- (a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.**
- (b) The process for setting fees is fair and appropriate, and the fee model is transparent.**

CFTC Regulation 37.202 requires a SEF to provide comparable fee structures for market participants receiving comparable access to, or services from, the SEF. As provided on its website at <http://www.360t.com>, 360T charges comparable fees for all Participants that receive comparable access to the Trading System.

360T does not restrict access or impose burdens on access in a discriminatory manner within each category or class of Participants or between similarly situated categories or classes of Participants. Pursuant to its Charter, the Participant Committee determines the standards and requirements, including financial requirements, for initial and continuing membership eligibility. The Participant Committee must approve any provision of the Rules that would result in different categories or classes of Participants receiving disparate access. The Participant Committee will not, however, recommend that the Board restrict access or impose burdens on access to the facilities of the SEF in a discriminatory manner, within each category or class of participants or between similarly situated categories or classes of participants.

The process for setting fees is fair and appropriate. 360T's fees are established based on an ongoing consideration of the implications of such fees on its Participants and its business. 360T considers various factors in setting fees, including the fees of its competitors, 360T's own costs, the amount of volume in the applicable product and the temper and reactions of market participants.

360T operates in a highly competitive marketplace for foreign exchange transactions and establishes fees at market rates. Participants in foreign exchange markets have a wide variety of trading options from which to select, ensuring that 360T sets fees competitively.

360T believes that its fee schedule is in line with current market practice and notes that it is publicly available. These fees do not create unreasonable barriers to access because of their uniform application to all Participants.

16. INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS

16.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise cooperate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

Core Principle 5 (Ability to Obtain Information) and CFTC Regulation 37.504 requires a SEF to enter into and abide by the terms of all appropriate and applicable domestic and international information sharing agreements in order to carry out the SEF's self-regulatory and reporting responsibilities. 360T has broad discretion under Rule 906 to enter into information-sharing agreements or other arrangements or procedures to coordinate surveillance with other markets and with clearing organizations on which swaps and related financial instruments are traded or cleared. 360T may enter into any arrangement with any person or body (including NFA, any self-regulatory organization, any exchange, market, clearing organization, or foreign regulatory authority, data repository or third-party reporting services) if 360T considers such arrangement to be in furtherance of 360T's purpose or duties under the Rules or any law or regulation.

Even absent an information-sharing agreement, 360T may, under Rule 207(b), disclose to any government agency (including the OSC), self-regulatory organization or other person

information concerning or associated with a Participant or other person that 360T believes is necessary and appropriate in exercising a legal or regulatory function. Rule 904 similarly provides that 360T may share Participants' and Authorized Traders' information with certain persons, including but not limited to government agencies or the regulatory authorities or any foreign jurisdiction (including the OSC), Derivatives Clearing Organizations and other persons providing services to 360T.

16.2 Oversight Arrangements

Satisfactory information sharing and oversight agreements exist between the Commission and the Foreign Regulator.

The CFTC has entered into memorandum of understanding (“MOU”) agreements for cooperative enforcements with foreign regulatory authorities in numerous jurisdictions. The MOUs typically provide for access to non-public documents and information already in the possession of the regulatory authorities, and often include undertakings to obtain documents and to take testimony of, or statements from, witnesses on behalf of a requesting regulatory authority. The CFTC and the OSC are parties to an MOU that was entered into by the parties as of March 25, 2014.

17. IOSCO PRINCIPLES

17.1 IOSCO Principles

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (IOSCO) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).

The IOSCO Principles are designed to help ensure that physical commodity markets serve their fundamental price discovery and hedging functions while operating free from manipulation and abusive trading schemes. 360T believes that the Core Principles set forth in the CEA are consistent with the IOSCO Principles, and that the CFTC's SEF Regulations implement these principles in an effective manner. Therefore, 360T believes that it will be adhering to the IOSCO Principles to the extent that it complies with the Core Principles and the CFTC's SEF Regulations.

* * *

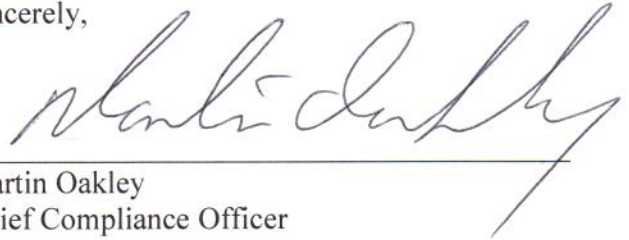
Part II – Submission by 360T

- (a) **360T satisfies the criteria for exemption set out in Part I of this Application;**
- (b) **the granting to the 360T of the requested exemption would not be prejudicial to the public interest and**
- (c) **360T consents to the publication of this Application for public comment on the Commission’s website.**

* * *

Please contact the undersigned at 44 020 7862 7509 or martin.oakley@360t.com if you have any questions or you would otherwise like to discuss this further.

Sincerely,

A handwritten signature in black ink, appearing to read "Martin Oakley". The signature is written in a cursive style with a long, sweeping tail that extends downwards and to the right.

Martin Oakley
Chief Compliance Officer
360 Trading Networks Inc.
April 4, 2016