

**Rulebook  
of  
Aristotle Exchange DCM, Inc.  
and  
Aristotle Exchange DCO, Inc.  
Collectively “Aristotle Exchange”**

**September 2025**

**Version 1.1**

## Table of Contents

1. Jurisdiction.....	4
2. Definitions, Interpretation, and Amendments.....	4
a. Defined Terms.....	4
b. Rules of Interpretation .....	8
c. Effect of Titles .....	9
d. Amendment of Rules .....	9
e. Contract Specifications .....	9
3. Governance .....	10
a. General (Applies to DCM and DCO).....	10
b. DCM Board of Directors (Applies to DCM) .....	10
c. DCO Board of Directors (Applies to DCO).....	11
d. Eligibility (Applies to DCM and DCO).....	11
e. Regulatory Oversight Committee (Applies to DCM) .....	14
f. Ad Hoc Committees (Applies to DCM and DCO) .....	15
g. Officers (Applies to DCM and DCO except where noted).....	16
h. Conflicts of Interest (Applies to DCM and DCO) .....	17
i. Prohibition on Use of Material, Non-Public Information (Applies to DCM and DCO).....	17
j. Regulatory Cooperation (Applies to DCM and DCO).....	18
k. Technical Services Agreement with Eventus (Applies to DCM) .....	18
l. Emergencies (Applies to DCM except item i.10 applies to DCM and DCO).....	18
4. Participants.....	20
a. General (Applies to DCM and DCO).....	20
b. Participant Obligations and Consents (Applies to DCM and DCO).....	21
c. Eligibility (Applies to DCM and DCO).....	22
d. Application.....	23
e. Approval (Applies to DCM and DCO) .....	24
f. Voluntary and Involuntary Termination of Participant Status (Applies to DCM and DCO).....	25
g. Participant Communications (Applies to DCM and DCO).....	25
h. Public Communications (Applies to DCM and DCO).....	27
5. Trading.....	27
a. Contracts (Applies to DCM).....	27
b. Trading Privileges (Applies to DCM and DCO as defined below).....	28
i. Financial Requirements (Applies to DCM and DCO).....	28
ii. Market Access (Applies to DCM and DCO).....	28
iii. Limitations on Market Access (Applies to DCM and DCO except Item 3 below applies to DCM only).....	29

iv. Impartial access by members, persons with trading privileges and independent software vendors (Applies to DCM) .....	29
c. Orders (Applies to DCM) .....	30
i. Order Entry .....	30
ii. Permitted Order Types.....	30
iii. Exceptions .....	30
d. Order Matching Priority (Applies to DCM).....	31
e. Errors (Applies to DCM except where noted below).....	31
i. Notification.....	31
ii. Review.....	31
iii. Limitation of Liability (Applies to DCM and DCO).....	32
f. Position Limits and Position Accountability (Applies to DCM) .....	35
i. Position Limits.....	35
ii. Position Accountability (Applies to DCM) .....	35
g. Publication of Trading Information (Applies to DCM) .....	35
h. Fees (Applies to DCM and DCO).....	36
i. Incentive Programs (Applies to DCM and DCO) .....	36
6. Clearing and Settling Contracts (Applies to DCO).....	37
a. Clearinghouse .....	37
b. Participant Clearing Accounts .....	37
c. Deposits to and Withdrawals from Participant Accounts .....	37
d. Settlement Bank .....	38
e. Acceptance for Clearance .....	39
f. Opening Positions and Position Close Out .....	39
g. Settling at Expiration .....	40
h. Reports .....	40
i. Transfers of Positions.....	40
j. Taxes .....	41
k. Investment of Participant Funds .....	41
7. Prohibited Participant Conduct (Applies to DCM and DCO).....	42
a. Violations.....	42
b. General Conduct .....	42
c. Prohibited Communication .....	43
d. Fraudulent Acts.....	43
e. Fictitious Transactions .....	43
f. Limitations on Trading with Certain Information.....	44

g. Off Exchange Trading.....	44
h. Deposit and Withdrawal of Funds.....	44
i. Prohibited Conduct .....	44
8. Rule Enforcement and Disciplinary Process (Applies to DCM and DCO) .....	45
9. Arbitration (Applies to DCM and DCO) .....	50
e. PENALTIES .....	50
10. Contract Specifications (Applies to DCM and DCO).....	50
11. Regulatory Records Retention. (Applies to DCM and DCO).....	51

## 1. Jurisdiction

ANY PERSON THAT DIRECTLY OR INDIRECTLY ENTERS AN ORDER OR EFFECTS A TRANSACTION ON OR SUBJECT TO THESE RULES (i) IS BOUND BY AND SHALL COMPLY WITH THESE RULES AND APPLICABLE LAW, (ii) SUBMITS TO THE JURISDICTION OF ARISTOTLE EXCHANGE IN RESPECT OF ANY AND ALL MATTERS ARISING FROM, RELATED TO, OR IN CONNECTION WITH, THE STATUS, ACTIONS, OR OMISSIONS OF SUCH PERSON, AND (iii) AGREES TO ASSIST ARISTOTLE EXCHANGE IN COMPLYING WITH ARISTOTLE EXCHANGE'S LEGAL AND REGULATORY OBLIGATIONS OR IN ANY INQUIRY, INVESTIGATION, AUDIT, EXAMINATION, OR PROCEEDING OF ARISTOTLE EXCHANGE.

## 2. Definitions, Interpretation, and Amendments

### a. Defined Terms

The terms defined in this Section shall for all purposes of the Rules of Aristotle Exchange have the meanings specified herein.

- i. "Account" means, with respect to each Participant, any account established and maintained by such Participant with the Aristotle Clearinghouse and Exchange. Aristotle uses a single account for both Clearinghouse and Trading functions, using the terms "Account", "Participant Clearing Account", and "Trading Account" throughout this Rulebook depending on context.
  1. "Participant Clearing Account" will often be used when referring to Participant's holdings which are maintained and monitored by the Clearinghouse, Available Funds, Open Contract Positions, Closed Contract Positions, Contract Profit, or Loss Amounts and the corresponding margin requirements, if any, in connection with Open Contract Positions entered into by the Participant.
  2. "Trading Account" will often be used within the context of the trading of Contracts on Aristotle Exchange by the Participant or Participant's Authorized Trader and the monitoring of such activity.
- ii. "Affiliate" means a Person who, directly or indirectly, Controls, is Controlled by, or is under common Control with, such other Person.
- iii. "Applicable Law" means, with respect to any Person, any statute, law, regulation, rule, or ordinance of any governmental or self-regulatory authority applicable to such Person including, but not limited to, the CEA, CFTC Regulations, and NFA Rules.
- iv. "Aristotle Exchange" means DCM and Clearinghouse, collectively.
- v. "Aristotle Exchange System" means the proprietary electronic order entry and execution systems used by Aristotle Exchange for the placement and execution of Orders and the collection and transmission of information relating to Contracts. For the avoidance of doubt, the Aristotle Exchange System does not include any order entry system that is provided by the Participant or any third-party.
- vi. "Authorized Trader" means any natural person that is an Exchange Participant and authorized by one or more Clearing Participants to exercise Trading Privileges on their Participant

Clearing Account. Authorized Traders must agree to all rules, terms, conditions, and policies applicable to Clearing Participants and must execute a separate agreement with the Clearing Participant and the Exchange authorizing them to trade on behalf of one or more Clearing Participants.

- vii. “Available Funds” means those funds in a Participant Clearing Account that are in excess of funds held as Margin Funds and, therefore, available for use as directed by the Participant.
- viii. “Bankruptcy Code” means Title 11 of the United States Code as it may be amended from time to time.
- ix. “Board of Directors” means the Board of Directors of Aristotle Exchange DCM or the Board of Directors of Aristotle Exchange DCO constituted from time to time in accordance with the DCM Bylaws and DCO Bylaws or the two Boards acting cooperatively or in parallel as indicated by the entity or entities to which the rule containing the reference applies.
- x. “Business Day” means any day other than a Saturday, Sunday, or any other day on which banking institutions in Washington, D.C. are closed.
- xi. “CEA” means the Commodity Exchange Act as in effect from time to time.
- xii. “CFTC” means the Commodity Futures Trading Commission and includes any successor agency or authority.
- xiii. “CFTC Regulation” means any rule, regulation, order, or directive and any interpretation thereof then in effect adopted by the CFTC.
- xiv. “Chief Compliance Officer” (for DCO) or “Chief Regulatory Officer” (for DCM) means the individual appointed by the Board of Directors to serve as the Aristotle Exchange’s chief compliance officer.
- xv. “Clearing Participant” means each Person that has an account with the Clearinghouse.
- xvi. “Clearinghouse” means Aristotle Exchange DCO, Inc. (including its successors), a corporation organized under the laws of the State of Delaware and registered as a Designated Clearing Organization.
- xvii. “Clearinghouse Bylaws” mean the Bylaws of Aristotle Exchange DCO, Inc., as amended, supplemented, or otherwise modified from time to time.
- xviii. “Closed Contract Positions” means any combination of long and short Open Contract Positions that have been offset against each other.
- xix. “Contract” means any forward, swap, future, option, or any other agreement, contract, or transaction, which has been listed by DCM as generally eligible for trading on DCM pursuant to these Rules.
- xx. “Contract Instrument” or “Instrument” means the tradable subset of each Contract that is not fungible with other tradable subsets of the same Contract due to differences in settlement time, strike price level, or any other applicable criteria specified in the Contract Specifications. By way of illustration, different tenors of a Contract are each a Contract Instrument.

- xxi. "Contract Specifications" means, with respect to any Contract, the rules or trading protocols then in effect specifying the terms and conditions for such Contract.
- xxii. "Control" means any person, by power of attorney or otherwise, who directly or indirectly controls trading, holds a 10 percent or greater ownership or equity interest, or is acting pursuant to an expressed or implied agreement or understanding.
- xxiii. "DCM" means Aristotle Exchange DCM, Inc., (including its successors), a corporation organized under the laws of the State of Delaware and registered as a Designated Contract Market.
- xxiv. "DCM Bylaws" means the Bylaws of DCM, as amended, supplemented, or otherwise modified from time to time.
- xxv. "DCM Participant" means each person that has an account with DCM and may exercise Trading Privileges.
- xxvi. "Designated Clearing Organization" has the meaning set forth in Section 1a(15) of the CEA.
- xxvii. "Director" means any member of the Board of Directors.
- xxviii. "Emergency" means the occurrences or circumstances which, in the opinion of the Board, require immediate action, and which threaten, or may threaten, the fair and orderly trading in, or the settlement or integrity of, any Contract, including, without limitation, the following:
  - 1. any circumstance that may have a severe, adverse effect upon the functions and facilities of Aristotle Exchange, including, but not limited to, acts of God, fire, flood or other natural disasters, pandemics, bomb threats, acts of terrorism or war, severely inclement weather, breakdowns or interruptions such as for power, computer, communication, transportation systems or the Internet, or failure or malfunction of Aristotle Exchange System;
  - 2. any circumstance that may materially affect the performance or clearing of a Contract or its Underlying, including any threatened, attempted, or actual manipulative activity such as a corner, squeeze, congestion, or undue concentration of positions;
  - 3. any action taken by any domestic or foreign regulatory, self-regulatory, or judicial authority, or other Person exercising, or entitled to exercise, any administrative action that may have a direct impact on trading on Aristotle Exchange or the legality or enforceability of any Contract;
  - 4. any other unusual, unforeseeable, or adverse circumstances with respect to which it is impracticable for Aristotle Exchange to submit a reviewable Rule to the CFTC.
- xxix. "Entity" means any Person other than a natural person (e.g., a corporation, partnership, sole proprietorship, or trust).
- xxx. "Final Settlement" means the process by which all Open Contracts are liquidated upon Contract expiration.

- xxx. "Final Settlement Price" means, with respect to any Contract, the price used in Final Settlement.
- xxxi. "Independent Software Vendor" or "ISV" is a non-DCM entity that offers services, tools, and displays to Participants independent of Aristotle Exchange.
- xxxii. "Margin Eligible Asset" means U.S. dollars or any other asset that is permitted to be used under these Rules to meet the margin obligations in the applicable Contract Specifications.
- xxxiii. "Margin Funds" means those Margin Eligible Assets in a Participant Clearing Account that are required for Original Margin and are not otherwise available for use by the Participant.
- xxxiv. "Market Participant Director" means a DCO Director who has been found by the DCO Board of Directors to be an authorized representative of a Participant and suitable to be a Director pursuant to the CEA.
- xxxv. "Minimum Price Increment" means the smallest price change permitted for any Contract Instrument, in index points, currency, or other appropriate units as defined in the Contract Specifications.
- xxxvi. "NFA" means the National Futures Association and includes any successor organization.
- xxxvii. "Open Contract Positions" means any combination of long and short Contract Positions that have not been offset against each other.
- xxxviii. "Order" means any electronic instruction to buy or sell a Contract Instrument on or subject to the Rules of Aristotle Exchange.
- xl. "Original Margin" means an amount sufficient to cover at all times the maximum possible loss such Participant could incur upon liquidation or expiration of its positions.
- xli. "Participant Agreement" means the contractual agreement between a Participant and Aristotle Exchange.
- xlii. "Participant Funds" means the aggregate of Available Funds and Margin Funds held in a Participant Clearing Account.
- xliii. "Person" means any natural person, association, partnership, limited liability company, joint venture, trust, or corporation.
- xliv. "Price Limit" means, at each moment during trading, the lower or upper bound price level that a Contract Instrument is permitted to trade as provided in the applicable Contract Specifications.
- xlv. "Position Limit" means the maximum number of Contract Instruments defined in the Contract Specifications that may be held or controlled by a Participant and their Affiliates.
- xlvi. "Public Director" means an individual meeting the standards of 17 C.F.R. Part 38, Appendix B, Acceptable Practices to Core Principle 16, section b, paragraph 2.

- xlvi. “Regulatory Authority” means any governmental or self-regulatory authority applicable to Aristotle Exchange, including, but not limited to, the NFA, the CFTC, and applicable foreign regulators.
- xlvi. “Regulatory Oversight Committee” means the committee of the DCM Board of Directors constituted in accordance with Rule 3(d) herein.
- xlix. “Rules of Aristotle Exchange” or “Rule” means any rule, interpretations, orders, resolutions, advisories, notices, statements of policy, decisions, manuals, and directives adopted or amended, from time to time, by Aristotle Exchange.
  - 1. “Trading Day” means any day on which Aristotle Exchange is open and available for the trading of Contracts and the Clearinghouse is open and available for the clearing of Contracts.
  - li. “Trading Hours” means, with respect to any Contract, the hours during which Aristotle Exchange is regularly open for the trading of such Contract, as set forth in the relevant Contract Specifications.
  - lii. “Trading Privileges” means the right to transmit Orders for Contracts in electronic form directly to Aristotle Exchange.
  - liii. “Underlying” means the index, rate, risk, measure, instrument, differential, indicator, value, contingency, occurrence, or extent of an occurrence that determines the Final Settlement Price of a Contract.
  - liv. “Settlement Committee” means a committee made up of at least one DCM Board member and others as may be appointed by the DCM Board to determine Market Outcomes in accordance with Chapter 5.
  - lv. “Mirrored or Highly Correlated Group” or “MHC Group” means a set of contracts listed on the Exchange and on an Affiliate Trading Platform that are either (i) identical in terms and conditions, or (ii) deemed by the Compliance Department (or its designee) to be substantially similar in underlying risk and highly correlated. Contracts so designated shall be formally identified as part of an MHC Group
  - lvi. "Affiliate Trading Platform" is a trading platform offering event contracts to which the Exchange or an affiliate of the Exchange provides trading, order matching, or clearing services.

**b. Rules of Interpretation**

For all purposes of these Rules, except as otherwise expressly provided herein or unless the context otherwise requires:

- i. the terms defined in these Rules include the plural as well as the singular and vice versa;
- ii. words importing gender include all genders;

- iii. any reference to a Chapter, Rule, or Appendix refers to a Chapter or Rule of, or Appendix to, these Rules;
- iv. any reference to these Rules refers to these Rules, including all Appendices hereto, and the words herein, hereof, thereto, hereto, and hereunder, and words of similar import refer to these Rules and their appendices as a whole and not to any particular Chapter, Rule, appendix, or any other subdivision;
- v. references to days, months, and years refer to calendar days, months, and years, respectively;
- vi. all references herein to “including” shall be deemed to be followed by the words “without limitation”;
- vii. any term used herein that is defined in the CEA or CFTC Regulations shall have the meaning assigned to it therein;
- viii. all references herein to a time of day refer to local time in Washington, D.C., unless otherwise indicated.

**c. Effect of Titles**

The titles of these Rules have been inserted for convenience of reference only and shall not affect the meaning of these Rules.

**d. Amendment of Rules**

Aristotle Exchange may adopt, amend, or repeal Rules from time to time. Such actions shall become effective on such date (subject to any required regulatory process) as may be determined by Aristotle Exchange.

**e. Contract Specifications**

Notwithstanding any provision of these Rules to the contrary, the Contract Specifications with respect to a particular Contract shall govern the applicability of these Rules to trading in such Contract and, in the event of any conflict between these Rules and the Contract Specifications, the Contract Specifications shall govern with respect to trading in the relevant Contract Instrument.

### **3. Governance**

#### **a. General (Applies to DCM and DCO)**

- i. There will be separate Boards of Directors of Aristotle Exchange DCM and Aristotle Exchange DCO (the Clearinghouse) The Boards may meet jointly to consider matters affecting both the DCM and DCO but each Board shall vote separately on matters affecting their respective entities and regulatory responsibilities. In the event that the DCM and DCO Boards differ on rules changes affecting both entities, the rules will be amended to reflect the different rules adopted by the Boards for the different entities.
- ii. Aristotle Exchange shall appoint Directors and Officers as provided in this Rule 3 and such Directors and Officers shall be appointed to committees and otherwise abide by the provisions of this Rule 3. Inside Directors (Directors who are neither Public Directors nor Market Participant Directors) may serve concurrently on both Boards.
- iii. References to the Board of Directors or Boards of Directors elsewhere in these rules shall be interpreted to refer to the Board responsible for the portion of the rules in which the reference occurs or to the Boards acting cooperatively or in parallel fashion for portions of the rules affecting both entities.

#### **b. DCM Board of Directors (Applies to DCM)**

- i. The business and affairs of Aristotle Exchange DCM shall be managed by the Board of Directors of Aristotle Exchange DCM in accordance with the respective bylaws and Applicable Law.
- ii. The DCM Board of Directors and Aristotle Exchange's officers have the responsibility of ensuring that managers have the appropriate experience, skills, and integrity necessary to discharge operational and risk management responsibilities.
- iii. The DCM Board of Directors shall ensure that the Aristotle Exchange's design, rules, overall strategy, and major decisions support the stability of the financial system, as well as the legitimate interests of Participants and relevant stakeholders. Major decisions of the DCM Board of Directors having a broad market impact shall be clearly disclosed to the public, consistent with other statutory and regulatory confidentiality obligations.
- iv. The DCM Board of Directors has the power and authority to call for review, and to affirm, modify, suspend, or overrule, any and all decisions and actions of committees and officers, other than the Regulatory Oversight Committee.
- v. The number of directors on the DCM Board of Directors shall be five, at least two of whom shall be Public Directors, provided that the number of Public Directors shall at all times equal no less than 35% of the entire Board of Directors, or such higher percentage as the CFTC may require. The Aristotle Exchange Chief Regulatory Officer shall ensure that any changes in Board membership comply with this requirement at all times.
- vi. Each Director, including Public Directors, shall be appointed and serve in accordance with the bylaws of the DCM.

- vii. The Board shall review its performance and that of its individual Directors annually and shall consider periodically using external facilitators for such review.

**c. DCO Board of Directors (Applies to DCO)**

- i. The business and affairs of Aristotle Exchange DCO shall be managed by the Board of Directors of Aristotle Exchange DCO in accordance with the respective bylaws and Applicable Law.
- ii. The DCO Board of Directors and Aristotle Exchange's officers have the responsibility of ensuring that managers have the appropriate experience, skills, and integrity necessary to discharge operational and risk management responsibilities.
- iii. The DCO Board of Directors shall ensure that the Clearinghouse's design, rules, overall strategy, and major decisions support the stability of the financial system, as well as the legitimate interests of Participants and relevant stakeholders. Major decisions of the Board of Directors having a broad market impact shall be clearly disclosed to the public, consistent with other statutory and regulatory confidentiality obligations.
- iv. The DCO Board of Directors has the power and authority to call for review, and to affirm, modify, suspend, or overrule, any and all decisions and actions of committees and officers.
- v. The number of directors on the Board of Directors shall be five, at least two of whom shall be Market Participant Directors, provided that the number of Market Participant Directors shall at all times equal no less than 35% of the entire DCO Board of Directors, or such higher percentage as the CFTC may require. The Aristotle Exchange Chief Compliance Officer shall ensure that any changes in Board membership comply with this requirement at all times.
- vi. Each Director, including Market Participant Directors, shall be appointed and serve in accordance with the bylaws of the Clearinghouse.
- vii. The Board shall review its performance and that of its individual Directors annually and shall consider periodically using external facilitators for such review.

**d. Eligibility (Applies to DCM and DCO)**

- i. Prior to nomination to the Board of Directors, each individual shall certify that he or she is not disqualified pursuant to this Rule 3(c) in such form and manner as required by Aristotle Exchange. Any individual serving on the Board of Directors, shall immediately notify Aristotle Exchange if such individual becomes subject to one or more of the criteria in this Rule 3(d).
- ii. No Person may serve as an Officer, or a member of a Board of Directors, or any disciplinary committee, arbitration panel, or oversight panel of Aristotle Exchange if such Person:
  - 1. was found within the past three years by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction, or the CFTC to have committed a disciplinary offense;

2. entered into a settlement agreement within the past three years in which any of the findings or, in absence of such findings, any of the acts charged included a disciplinary offense;
  3. is currently suspended from trading on any contract market, is suspended or expelled from membership from any self-regulatory organization, is serving any sentence of probation or owes any portion of a fine imposed pursuant to either:
    - (i) a finding by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction, or the CFTC that such person committed a disciplinary offense; or
    - (ii) a settlement agreement in which any of the findings or, in absence of such findings, any of the acts charged included a disciplinary offense;
  4. is currently subject to an agreement with the CFTC or any self-regulatory organization not to apply for registration with the CFTC or membership in any self-regulatory organization;
  5. is currently subject to or has had imposed on him or her within the past three (3) years a CFTC registration revocation or suspension in any capacity for any reason;
  6. has been convicted of any of the felonies listed in and pursuant to section 8a(2)(D)(ii) through (iv) of the CEA;
  7. is currently subject to a denial, suspension, or disqualification from serving on the 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;
  8. is subject to a statutory disqualification pursuant to Section 8a(2) of the CEA.
- iii. To qualify as a Public Director, an individual must be found, by action of the DCM Board of Directors, to have no relationship with the Aristotle Exchange that reasonably could affect the independent judgment or decision making of the Director including, but not limited to, any of the following:
1. within the last year, the individual or any member of their immediate family has been an officer or employee of Aristotle Exchange or any of its affiliates.
  2. within the last year, the individual or any member of their immediate family has been a Participant of Aristotle Exchange, or a person employed by or affiliated with a Participant.
  3. within the last year, the individual or any immediate family member of the individual, or a firm with which such individual or his or her immediate family member is affiliated received more than \$100,000 in combined annual payments from the Aristotle Exchange or their affiliates, or from a member or any person or entity affiliated with a Participant of Aristotle Exchange. Compensation for services as a Public Director shall not count towards the \$100,000 payment limit, nor shall deferred compensation for

services prior to becoming a Public Director, so long as such compensation is in no way contingent, conditioned, or revocable.

- iv. Public Directors may also serve as directors of any Affiliate of the Aristotle Exchange provided that the Public Directors otherwise meet the definition of “Public Director”.
- v. To qualify as a Market Participant Director, an individual must be found, by action of the DCO Board of Directors, to be an Aristotle Exchange market Participant and not executives, officers, or employees of Aristotle Exchange or an affiliate thereof.
- vi. Market Participant Directors may also serve as directors of any Affiliate of the Aristotle Exchange provided that the Market Participant Directors otherwise meet the definition of “Market Participant Director”.
- vii. For purposes of this Rule, the terms “self-regulatory organization”, “disciplinary committee”, “arbitration panel”, “oversight panel”, “final decision”, “disciplinary offense”, and “settlement agreement” have the meanings set forth in CFTC Regulation 1.63(a).
- viii. Board members are expected to have attained a professional level of achievement that clearly demonstrates an understanding of financial, organizational, and legal constructs necessary to the functioning of Aristotle DCO. Evidence of qualifications are sought through a review of educational background, past and current employment experience, past and current board appointments, and a review of involvement with the securities and finance industries. Board members are also expected to complement each other, so as to create a diverse leadership structure that can address the evolving needs of the organization.
- ix. The Disciplinary Committee of Aristotle Exchange DCM shall be:
  - 1. A standing committee consisting of at least three members, including at least one person who would not be disqualified from serving as a Public Director. No member of the Disciplinary Panel shall also be a member of the Company’s compliance staff, or any person involved in adjudicating any other stage of the same proceeding. The Board may establish more than one Disciplinary Panel. The Regulatory Oversight Committee will appoint individuals for membership on the Disciplinary Panel. Each Disciplinary Panel shall include members with sufficient differing experience and Member interests so as to ensure fairness and to prevent special treatment or preference for any Person.
  - 2. Responsible for conducting hearings, rendering decisions, and imposing sanctions with respect to any Disciplinary Action. The Disciplinary Panel shall also have such other powers and perform such other duties as set forth in the Rules and as the Board may determine from time to time.
  - 3. The Disciplinary Committee shall be composed of individuals who have demonstrated:
    - (i) knowledge and experience in the financial markets;
    - (ii) appropriate subject matter expertise to inquire on matters before the committee and have the capacity to make independent inquiry;
    - (iii) sufficiently differing experience such that no group of Disciplinary Committee members may dominate or exercise disproportionate influence on a Disciplinary Panel;
    - (iv) the absence of any conflict of interest or bias, and any appearance thereof;
    - (v) availability; and,
    - (vi) the frequency with which a person has served as a Panelist on a Hearing Panel or an Extended Hearing Panel during the past two years, favoring the

selection of a person as a Panelist who has never served or served infrequently as a Panelist during the period.

**e. Regulatory Oversight Committee (Applies to DCM)**

- i. Aristotle Exchange shall have a Regulatory Oversight Committee, which shall be a permanent committee of the DCM Board consisting of only Public Directors, as appointed from time to time. No fewer than two Public Directors shall serve on the Regulatory Oversight Committee.
- ii. Each member of the Regulatory Oversight Committee shall serve from the date of his or her appointment until the due appointment of his or her successor. The Board of Directors shall confirm one member of the Regulatory Oversight Committee as the committee's chairperson for a one-year term with the Chairmanship rotating among members if there are an even number of members on the Committee. The Chairperson of the Regulatory Oversight Committee shall determine the agenda for the committee. In the event that the Regulatory Oversight Committee has an even number of members, the vote of the Chair shall control in the event of a tie vote.
- iii. The Regulatory Oversight Committee shall oversee Aristotle Exchange's regulatory programs on behalf of the DCM Board of Directors.
- iv. The DCM Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the Regulatory Oversight Committee to fulfill its mandate. The Regulatory Oversight Committee shall make such recommendations to the Board that will, in its judgment, best promote the interests of Aristotle Exchange, provided that, for the avoidance of doubt, any dissenting opinions from one or more members of the Regulatory Oversight Committee shall be reported to the Board of Directors along with any such recommendation. The Regulatory Oversight Committee shall also have such other powers and perform such other duties as the Board of Directors may delegate to it from time to time.
- v. The Regulatory Oversight Committee shall prepare an annual report that assesses Aristotle Exchange's self-regulatory program for the Board and the CFTC. The annual report sets forth the regulatory program's expenses, describes its staffing and structure, catalogues disciplinary actions taken during the year, and reviews the performance of the Disciplinary Panel.
- vi. Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have the authority to:
  1. Monitor the regulatory program of Aristotle Exchange for sufficiency, effectiveness, and independence;
  2. Oversee all facets of the regulatory program, including trade practice and market surveillance, audits, examinations, and other regulatory responsibilities with respect to Participants, and the conduct of investigations;
  3. Review the size and allocation of the regulatory budget and resources; and the number, hiring, termination, and compensation of regulatory personnel;

4. Supervise the Chief Regulatory Officer of the DCM, who will report directly to the Regulatory Oversight Committee;
  5. Recommend changes that would ensure fair, vigorous, and effective regulation; and
  6. Review all regulatory proposals prior to implementation and advise the Board of Directors as to whether and how such changes may impact regulation.
- vii. Consistent with Rule 3.h.iii. if the Chief Regulatory Officer has responsibilities related to Exchange affiliates, the CRO shall disclose to the Regulatory Oversight Committee any potential conflict between the CRO's compliance responsibilities for the DCM and the CRO's responsibilities for the affiliate, including the CRO's assessment of whether the potential conflict is material. As an example, an investigation of a rules violation by an Exchange participant who conducts significant business with an affiliate would represent a potential conflict of interest. The ROC shall make an independent assessment of the materiality of the potential conflict. If in the assessment of the CRO or the ROC a material conflict exists, the CRO shall be recused from any related investigation or other compliance action. In such a case the ROC shall designate the DCCO or Chief Risk Officer to supervise the investigation, reporting directly to the ROC for that purpose. The DCCO or Chief Risk Officer shall disclose any potential conflicts of their own to the ROC and the ROC shall ensure that any such potential conflicts are not material prior to designating either substitute to supervise an investigation. Any conflict reported hereunder by the CRO or a substitute, regardless of materiality, shall be documented and tracked by the ROC until the occurrence giving rise to the conflict has been closed or resolved.
- viii. In the event the Board of Directors fails to act upon an action or recommendation of the Regulatory Oversight Committee, the Chief Regulatory Officer shall maintain documentation detailing:
1. the recommendation or action of the Regulatory Oversight Committee;
  2. the rationale for such recommendation or action;
  3. the rationale of the Board for its inaction; and
  4. the course of action that the Board decided to take.

**f. Ad Hoc Committees (Applies to DCM and DCO)**

Aristotle Exchange may create additional committees of Aristotle Exchange, or panels, for such purposes as may from time to time be necessary or advisable. Members of each such committee may be members of the Boards of Directors, Participants, Authorized Traders, or such other individuals as may be qualified to serve on such committee. At least 35% of the members of each such committee designated by the DCM Board of Directors shall be individuals that would qualify as Public Directors if they were directors of Aristotle Exchange DCM and at least 35% of the members of each such committee designated by the DCO Board of Directors shall be individuals that would qualify as Market Participant Directors if they were Directors of Aristotle Exchange DCO.

**g. Officers (Applies to DCM and DCO except where noted)**

- i. The Boards shall appoint a Chief Executive Officer, Chief Operating Officer, Chief Compliance Officer, Chief Financial Officer, Chief Technology Officer, Chief Risk Officer, Chief Information Security Officer, and a Chief Regulatory Officer for the DCM, and other such officers as it may deem necessary or appropriate from time to time, collectively, the “Officers”. The Boards shall appoint officers jointly except that the DCM Board shall appoint the Chief Regulatory Officer and the DCO Board shall appoint the Chief Risk Officer and the Chief Compliance Officer.
- ii. The Boards may appoint an individual to hold more than one office.
- iii. Any Officer may also be a director, officer, partner, or employee of Aristotle Exchange or of any of its Affiliates, subject to disclosure and resolution of conflicts of interest.
- iv. Officers shall have such powers and duties in the management of Aristotle Exchange as the Boards may prescribe from time to time, subject to any limitations set forth in the Bylaws.
- v. Aristotle Exchange shall notify the CFTC no later than two business days, or otherwise as required, following any departure or addition of Officers including, as applicable, the name and contact information of the person who will assume the duties of the position permanently or the person who will assume the duties on a temporary basis until a permanent replacement fills the position.
- vi. With respect to the Chief Regulatory Officer, he/she must:
  - a. have the background, academic or professional qualifications and skills appropriate for fulfilling the responsibilities of the position;
  - b. be an individual who would not be disqualified from registration under Section 8a(2) or 8a(3) of the CEA;
  - c. report to the DCM Regulatory Oversight Committee (ROC) in accordance with DCM Best Practices as applicable to Core Principle 16 of section 5(d) of the Act; and
  - d. Meet with the DCM Board of Directors or the Chief Officer at least once a year.
- vii. With respect to the Clearinghouse, the Chief Compliance Officer is responsible for:
  - a. Reviewing the Clearinghouse’s compliance with the core principles set forth in section 5b of the CEA, and the CFTC’s Regulations;
  - b. In consultation with the Board of Directors or the Chief Executive Officer, resolving any conflicts of interest that may arise;
  - c. Establishing and administering written policies and procedures reasonably designed to prevent violation of the CEA;
  - d. Taking reasonable steps to ensure compliance with the CEA and CFTC Regulations relating to agreements, contracts, or transactions, and with CFTC Regulations prescribed under section 5b of the CEA;
  - e. Establishing procedures for the remediation of noncompliance issues identified by the chief compliance officer through any compliance office review, look-back, internal or external audit finding, self-reported error, or validated complaint; and
  - f. Establishing and following appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues.

#### **h. Conflicts of Interest (Applies to DCM and DCO)**

- i. Each Officer and member of the Board of Directors shall disclose if such person knowingly has an interest or has a relationship with a named party in interest as defined and required by CFTC Regulation §1.69 (also referred to as “Commission Regulation”).
- ii. No Officer or member of the Board of Directors may participate in any deliberations or vote on any action if such person knowingly has an interest or has a relationship with a named party in interest as defined and required by Commission Regulation §1.69.
- iii. No Officer or member of the Board of Directors may participate in any deliberations or voting on any action if such person knowingly has a direct and substantial financial interest in the result of the vote based upon either Company or non-Company positions that could reasonably be expected to be affected by the action.
- iv. The minutes of the meeting of the Board, Disciplinary Committee, or Oversight Panel will reflect the attendance as well as the identity and reasons, or any other information relating to, such recusal by any member who voluntarily recuses him/herself from deliberations and voting.
- v. Routine conflicts of interest should be resolved in the normal course of business, consistent with the CCO’s/CRO’s general administration of internal policies and procedures. Any conflicts of interest that warrant escalation to the Board or CEO are resolved by the CCO/CRO in consultation with the Board or CEO.

#### **i. Prohibition on Use of Material, Non-Public Information (Applies to DCM and DCO)**

- i. No member of the Board of Directors or committee, Officer, or employee or consultant of Aristotle Exchange may use or disclose material, non-public information obtained in connection with the performance of their duties for any purpose other than the performance of such duties.
- ii. No Participant who inadvertently or otherwise comes into possession of any material, non-public information will disclose to anyone such material, non-public information, or trade for such person’s account, or for or on behalf of any other account, in any commodity interest on the basis of such material, non-public information.
- iii. For purposes of this Rule, the terms “material information,” “non-public information,” “linked exchange,” “commodity interest,” and “related commodity interest” have the same meanings as they do in Commission Regulation §1.59.
- iv. Any Person who violates any provision of this Rule will be required to indemnify Aristotle Exchange and hold Aristotle Exchange harmless against any losses, damages, or costs caused by that violation.
- v. Notwithstanding anything to the contrary, the applicable Contract Specifications for each Contract or Instrument traded on Aristotle Exchange may impose additional prohibitions on the use of or trading on information by any Person.
- vi. For the avoidance of doubt, and notwithstanding anything to the contrary in these Rules, under no circumstances shall:

1. any employees, Officers, directors, or agents of Aristotle Exchange trade directly or indirectly in any commodity interest traded on Aristotle Exchange or in a related commodity interest; or
2. trade directly or indirectly in a commodity interest traded on any designated contract market or swap execution facility or cleared by any derivatives clearing organization, if the employee, Officer, or director has access to material non-public information concerning such commodity interest.

**j. Regulatory Cooperation (Applies to DCM and DCO)**

- i. Aristotle Exchange may enter into any information-sharing agreements or other arrangements or procedures, including an information-sharing agreement or other arrangement or procedure with any Person or body (including but not limited to a Regulatory Authority) if the Company considers such agreement, arrangement, or procedures to be in furtherance of the Company's purpose, duties, or obligations under these Rules or Applicable Law.
- ii. All information received by Aristotle Exchange with respect to any information sharing agreement, shall be held in confidence by Aristotle Exchange and shall not be provided to any of its non-regulatory departments or divisions or any other person (including to any affiliate of Aristotle Exchange), except as follows:
  1. to any governmental authority responsible for regulating financial instruments in the home jurisdiction of the authority requesting information under an information sharing agreement,
  2. pursuant to an order of a court, regulatory authority, or other lawful process, or
  3. as it may be necessary for conducting any investigation or disciplinary proceeding of Aristotle Exchange.

**k. Technical Services Agreement with Eventus (Applies to DCM)**

The DCM has contracted with Eventus for Validus SaaS software to provide certain technical services to Aristotle Exchange pursuant to a technical services agreement (the "Technical Services Agreement" or "TSA"). In accordance with the Technical Services Agreement, Eventus may provide reporting services to perform certain surveillance, investigative, and regulatory functions under these Rules. Aristotle Exchange may provide information to Eventus Validus SaaS software in connection with the performance by Eventus Validus SaaS software of those functions.

**l. Emergencies (Applies to DCM except item i.10 applies to DCM and DCO)**

- i. In the event of an Emergency, the President or any individual designated by the President may place into immediate effect a temporary emergency rule, which may remain in effect for up to 30 calendar days and which may provide for, or may authorize the Board of Directors or any committee thereof to undertake, actions necessary or appropriate to respond to the Emergency, including such actions as:
  1. Suspending trading;

2. limiting trading to liquidation only;
  3. requiring a reduction in positions, in whole or in part;
  4. extending or shortening the term or expiration time of any Instrument;
  5. modifying the Underlying provided in any relevant Contract Specifications;
  6. imposing or modifying position or price limits with respect to a particular Contract or Instrument;
  7. modifying of a Final Settlement Price;
  8. extending, limiting or changing the hours of trading;
  9. suspending or curtailing trading in any or all Contracts or Instruments or modifying circuit breakers; or
  10. modifying or suspending any provision of these Rules.
- ii. Any such action placed into effect in accordance with the preceding sentence shall be reviewed by the Board of Directors as soon as practicable under the circumstances and may be revoked, suspended, or modified by the Board of Directors.
  - iii. Any Person who is authorized to take an action in response to an Emergency, may order under the same procedures the removal of any restriction previously imposed upon a determination by such Person that the Emergency that gave rise to such restriction has sufficiently abated to permit Aristotle Exchange to resume operations in an orderly manner.
  - iv. The Chief Regulatory Officer shall maintain documentation detailing the decision-making process with respect to, and the reasons for, any such action.
  - v. The Chief Regulatory Officer will make every effort practicable, and in no event more than 24 hours after any actions are placed into effect, to notify the Director of the Division of Market Oversight, their delegate(s), and/or other persons designated by the Commission's Regulations of any action taken or proposed to be taken.

## 4. Participants

### a. General (Applies to DCM and DCO)

- i. Only Participants of Aristotle Exchange may have Trading Privileges, act as Authorized Traders, or receive incentive payments. No Futures Commission Merchant, Introducing Broker, or other intermediary may submit trades in Contracts for execution on behalf of its customers. For the avoidance of doubt, registered Commodity Pool Operators or Commodity Trading Advisors, or Persons exempt from such registrations, shall not be precluded from exercising Trading Privileges under this Rule.
- ii. No Person may exercise any privileges of being a Participant or an Authorized Trader unless such Person certifies that they have received, read, understood, and accepted this Rulebook and Aristotle Exchange's Participant Agreement, including its Terms of Use and Privacy Policy, and have accepted Aristotle Exchange's jurisdiction with respect to such Person's activities.
- iii. Participants do not obtain any equity or other interest in Aristotle Exchange, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger, consolidation involving Aristotle Exchange or otherwise.
- iv. Each Participant, or their Authorized Traders, receiving any proprietary information from Aristotle Exchange is prohibited from redistributing such information unless expressly permitted by Aristotle Exchange. Participants, including their Authorized Traders, are subject to the Participant Agreement they have entered into with Aristotle Exchange, which establishes Aristotle intellectual property rights in, among other things, its market and pricing data (referred to in this Rule as "Market Data"), and all derivative works based thereon. Participants and Authorized Traders agree not to distribute any Aristotle Market Data, nor create derivative works based upon Market Data. Notwithstanding any restrictions in this Rule or in the Participant Agreement, Participants and Authorized Traders may use Aristotle Market Data for the direct purpose of trading on Aristotle Exchange for their own accounts, or those accounts they have discretion over as Authorized Traders. Under no circumstance shall Participants or Authorized Traders distribute, sell, or retransmit Market Data, in any form whatsoever, including that which incorporates Market Data in an anonymized or aggregated data sets, to any third party, unless they have been granted express permission in writing from Aristotle Exchange. Employees and agents of Aristotle Exchange shall have access to the offices of any Participant and each of its Authorized Traders during regular business hours to audit the compliance by such Participant and its Authorized Traders with the immediately preceding sentence.
- v. Participants with Trading Privileges may be subject to any limitations or restrictions from time to time imposed by Aristotle Exchange. Trading Privileges are non-transferable, non-assignable and may not be sold or leased. For the avoidance of doubt, a Participant may appoint Persons to act as Authorized Traders on the Participant's behalf. Aristotle Exchange shall have the right to establish more than one class of Participants subject to and in accordance with the applicable DCM Rules including restrictions on trading in specific Contracts or categories of Contracts.
- vi. Participants with Trading Privileges are eligible to hold long and/or short positions in Contracts only for Trading Accounts they Control and may act as their own Authorized Traders.

- vii. A Participant may request more than one Trading Account provided that the request provides an explanation of the reason therefore and includes instructions that long and short positions held in each account(s) shall not be offset with long or short positions in the Participant's other account(s). Aristotle Exchange may grant such a request in its discretion.
- viii. Participants acting solely as Authorized Traders may access Aristotle Exchange System with respect to the Accounts of one or more Participants pursuant to a power of attorney or other written instrument, which may include an electronic writing, in a form prescribed or approved by Aristotle Exchange, providing such Authorized Trader with discretionary trading authority with respect to the Participant's Trading Account. Participants may at any time revoke an authorization granted by it to any Authorized Trader by informing Aristotle Exchange by electronic mail.

**b. Participant Obligations and Consents (Applies to DCM and DCO)**

i. Each Participant must:

1. comply with Applicable Law, including these Rules, applicable provisions of the CEA, and relevant CFTC Regulations;
2. cooperate promptly and fully with Aristotle Exchange in any investigation, call for information, inquiry, audit, examination, or proceeding. Such cooperation shall include providing Aristotle Exchange with access to information on the activities of such Participant in any referenced market that provides the underlying prices for any Contract.
3. provide identity information and documentation required in the Participant application, initially and upon further request, and update all information provided in its Participant application within seven days after that information has changed;
4. notify Aristotle Exchange by electronic mail upon becoming aware that the Participant:
  - (i) has access or trading privileges suspended, or membership denied, in any commodity, securities, or swaps exchange, brokerage, association, or Regulatory Authority.
  - (ii) has been convicted of, pled guilty or no contest to, or entered a plea agreement to, any felony in any domestic, foreign, or military court.
  - (iii) has been convicted of, pled guilty or no contest to, or entered a plea agreement to a misdemeanor in any domestic, foreign, or military court which involves embezzlement, theft, extortion, fraud, fraudulent conversion, forgery, tax evasion, counterfeiting, false pretenses, bribery, gambling, racketeering, or misappropriation of funds, securities, or properties or any transaction in or advice concerning swaps, futures, options on futures, leveraged transactions or securities.
  - (iv) has become the subject of a bankruptcy petition, receivership proceeding, or the equivalent, or being unable to meet any financial obligation as it becomes due.

- i. No later than upon receipt of such notice, Aristotle Exchange will review the continuing eligibility of the clearing member for clearing membership; and
  - ii. No later than upon receipt of such notice, Aristotle Exchange will take any appropriate action, in its discretion, with respect to such clearing member or its positions, including but not limited to liquidation or transfer of positions, suspension, or revocation of clearing membership.
- 5. secure its username and password such that no unauthorized Person may access any secure portion of Aristotle Exchange.
- ii. Each Participant shall trade on their own behalf unless they have formally designated and received Aristotle approval for one or more natural persons as Authorized Traders for each of their Accounts and is nonetheless responsible for all costs or losses incurred in its Account for Orders placed on Aristotle Exchange System by any Person using the Participant's username and password, whether Orders were authorized or not by the Participant.
- iii. Each Participant consents to allow Aristotle Exchange to provide all information it has about the Participant to its Derivatives Clearing Organization as well as any Regulatory Authority, law enforcement authority, or judicial tribunal, including (as may be required by information sharing agreements or other contractual, regulatory, or legal provisions) foreign regulatory or self-regulatory bodies, law enforcement authorities, or judicial tribunals without notice to the Participant.
- iv. Each Participant consents to allow Aristotle Exchange to maintain logs of IP addresses and other information for security, audit, and regulatory purposes.
- v. If any Participant fails to satisfy these obligations, Aristotle Exchange may revoke or suspend the Participant's privileges in full or in part or bring a disciplinary action that may result in fines or be subject to civil or criminal prosecution.
- vi. Each Participant must maintain appropriate records of its trading, including records of activity, if any, in the underlying commodity and related derivatives markets. Upon request, each Participant agrees to furnish these records and such information concerning the Participant's business that is subject to the Rules of the DCM as the DCM deems necessary to enable the DCM to perform its obligations under applicable law, including information relating to (i) contracts executed on the DCM and in related derivatives markets, including in the products underlying those contracts, and (ii) information requested by a government authority relating to the DCM's business as a DCM or DCO and/or the DCM's compliance with applicable law that the DCM believes is maintained by, or otherwise in the possession of, a Participant.
- vii. Each Participant shall provide to the exchange, in a timely manner, information that concerns any financial or business developments that may materially affect the Participants' ability to continue to comply with participation requirements under this section.

**c. Eligibility (Applies to DCM and DCO)**

- i. Each applicant to become a Participant must:

1. have attained the age of majority in the individual's place of residence, if a natural person or, if an Entity, be duly organized and in good standing in its jurisdiction of organization and have the legal authority and be duly authorized and empowered to become a Participant and to effect transactions on Aristotle Exchange;
2. satisfy such financial criteria as may be prescribed by Aristotle Exchange from time to time;
3. provide a mechanism that is acceptable for transferring funds to and receiving funds from the applicant's Participant Clearing Accounts;
4. demonstrate sufficient technical and operational capabilities to fulfill any other obligations applicable to Participants or their Authorized Traders as may from time to time be required by Aristotle Exchange;
5. (reserved)
6. satisfy all requirements generally applicable to Participants and Authorized Traders under these Rules and any applicable Contract Specifications and such other requirements or criteria as may from time to time be adopted by Aristotle Exchange.

#### **d. Application**

- i. Each application to become a Participant shall be in such form as may from time to time be prescribed by Aristotle Exchange. Each applicant to become a Participant shall promptly update the application materials if any of the information provided therein becomes inaccurate or incomplete. Aristotle Exchange shall act upon, and approve or disapprove, any such application without unreasonable delay. Each applicant to become a Participant shall provide:
  1. the applicant's true name and address;
  2. the applicant's date of birth;
  3. payment to Aristotle Exchange an application fee as may be prescribed by Aristotle Exchange;
  4. express consent to the jurisdiction of Aristotle Exchange in electronic form to comply with and be bound by the Rules of Aristotle Exchange and Applicable Law, including, but not limited to, Rules requiring cooperation and participation investigatory and disciplinary processes;
  5. acceptance of the disclosure document statement that explains to each applicant various risks associated with trading, and
  6. certification that the applicant has read, understands and accepts the Aristotle Exchange Rulebook and Aristotle Exchange's Participant Agreement, including its Terms of Use and Privacy Policy.

7. Any additional information required to verify the applicant's identity.
- ii. Applicants may withdraw their applications at any time without prejudice or without losing their right to reapply.
- iii. Upon Aristotle Exchange's approval of an applicant's Participant application, the applicant shall become a Participant and obtain Trading Privileges.

**e. Approval (Applies to DCM and DCO)**

- i. Aristotle Exchange will consider each application in a fair and nondiscriminatory manner that is not anti-competitive.
- ii. In considering any applicant for status as a Participant Aristotle Exchange may request additional information or employ such other means that it deems desirable or appropriate, including but not limited to conducting a background check, to ascertain relevant facts bearing on the applicant's qualifications.
- iii. Aristotle Exchange may in its sole discretion deny or condition any Participant application:
  1. If the application fails to demonstrate a capacity to adhere to all applicable Rules of Aristotle Exchange or Applicable Law, including, to the extent applicable, those concerning record-keeping, reporting, finance, and trading procedures;
  2. if such Person would bring Aristotle Exchange into disrepute; or
  3. for such other causes as Aristotle Exchange in its discretion may determine from time to time.
- iv. If Aristotle Exchange approves a Participant application, any such Approval is contingent upon the Participant:
  1. Selecting a unique Participant identification.
  2. Providing a password of sufficient complexity, as defined by Aristotle Exchange from time to time.
  3. Maintaining, by deposit or incentive program participation, a Participant Clearing Account balance that is greater than zero.
  4. Maintaining all information required by the Clearinghouse to transfer funds to and from the Participant's Clearing Account.
- v. If Aristotle Exchange declines or conditions a Participant application, then Aristotle Exchange shall notify such Person by electronic mail sent to the address provided by the Person in the application specifying the basis for the decision.
  1. Such Person may, within 28 calendar days, petition Aristotle Exchange by electronic mail to reconsider the determination. The petition should describe in detail the reasons why the Participant application should be granted.

2. Within 28 calendar days of receiving a request for reconsideration, Aristotle Exchange shall confirm, reverse, or modify the denial or condition, and shall promptly notify such Person accordingly in writing.
3. Aristotle Exchange may, in its sole discretion, schedule a hearing (in person or by electronic means) or request additional information from such Person during the request for reconsideration.
4. The Company's decision is the final action of the Company and is not subject to appeal.
5. Such person may re-apply after six months.
6. All decisions taken by the Exchange to decline a Participant application shall be documented in accordance with the appropriate books and records policy as outlined in Rule 8(y).

**f. Voluntary and Involuntary Termination of Participant Status (Applies to DCM and DCO)**

- i. Each Participant may voluntarily withdraw their Participant status with Aristotle Exchange at any time. Any disciplinary matter pending at the time of withdrawal shall not be terminated as a consequence of such withdrawal.
- ii. Aristotle Exchange, may, in its sole discretion and without advance notice, suspend, revoke, limit, condition, restrict, or qualify the privileges of any Participant as it deems necessary or appropriate if the Participant or any of its Authorized Traders violate the Participant Agreement, any other agreement with or Rule of Aristotle Exchange. If such action is taken, then Aristotle Exchange shall notify such Participant by electronic mail the basis for the decision. Any such action may be appealed in accordance with the procedures under the provisions of Rule 8, provided, however, that such sanction shall continue in effect during the appeal.
- iii. Any terminated Participant shall remain bound by the Rules of Aristotle Exchange and Applicable Law, in each case to the extent applicable to it, and subject to the jurisdiction of Aristotle Exchange with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Participant and its Authorized Traders prior to such revocation or termination.

**g. Participant Communications (Applies to DCM and DCO)**

- i. Participants must provide Aristotle Exchange with their current electronic mail address and notify Aristotle Exchange of any changes thereto within 24 hours.
- ii. Each Participant will be responsible for promptly reviewing and, as applicable, responding to all electronic communications from Aristotle Exchange.
- iii. Participants are responsible for reviewing the "Notices to Participants" section of the Aristotle Exchange website on a regular basis. Aristotle Exchange may, where necessary for regulatory purposes, share such data or information with one or more DCMs or swap execution facilities registered with the Commission.

- iv. Participants will receive electronic mail directly from Aristotle Exchange with respect to any enforcement or disciplinary matter or whenever required by CFTC rule, regulation, or Order, or as otherwise required by these Rules. Aristotle Exchange in its sole discretion may also send non-routine notices determined by Aristotle Exchange to be important, directly to all Participants to which such notice applies.
- v. All routine communications from Aristotle Exchange to specific Participants shall be available to such Participant electronically via the trading interface or on the Aristotle Exchange website as provided in the Participant Agreement. For the avoidance of doubt, such routine, Participant-specific communications include, but are not limited to, confirmation of trades, contract settlements, assessed fees, or incentive payments.
- vi. Aristotle Exchange will post all communications of general applicability in the “Notices to Participants” section of Aristotle Exchange website. For the avoidance of doubt, these include, but are not limited to, each addition, modification, or clarification, of the Rules of Aristotle Exchange or of the Contract Specifications. Except for Emergency Actions, these shall be posted no later than the Commission’s self-certification filing requirements as set forth in Commission Regulation §40.6(a), so that each Participant may become aware of and implement any necessary preparatory measures to be taken with respect to any such addition, modification, or clarification prior to its effective date.
- vii. Aristotle Exchange may record conversations and retain copies of electronic communications with Participants. Any such recordings may be retained by Aristotle Exchange in such manner and for such periods of time as Aristotle Exchange may deem necessary or appropriate but in no event less than the retention periods necessary to comply with Commission Rule §1.31.
- viii. Aristotle Exchange may not use for business or marketing purposes any proprietary data or personal information it collects or receives from or on behalf of any person, for the purpose of fulfilling its regulatory obligations, although Aristotle Exchange may use such data or information for business or marketing purposes if the person from whom it collects or receives such data clearly consents to Aristotle Exchange using the data or information in such manner. Aristotle Exchange may not condition access to its trading facility based on a Participant’s consent to the use of proprietary data or personal information for business or marketing purposes. Nothing in this Rule shall preclude Aristotle Exchange from disclosing Proprietary Data and Personal Information:
  - (1) As required by Applicable Law or legal process;
  - (2) As Aristotle Exchange may deem necessary or appropriate in connection with any litigation affecting the Company;
  - (3) To any Company Representative authorized to receive such information within the scope of his or her duties;
  - (4) To a third party performing regulatory or operational services for the Company, provided that such party has executed a confidentiality and non-disclosure agreement in a form approved by Aristotle Exchange;
  - (5) To a duly authorized representative of the CFTC lawfully requesting Proprietary Data and Personal Information;
  - (6) In a manner in which a Member consents to such disclosure;
  - (7) Pursuant to the terms of an information-sharing agreement; or
  - (8) As permitted by CFTC Regulations.

## **h. Public Communications (Applies to DCM and DCO)**

- i. The following shall be published on the Aristotle Exchange website:
  1. Complete and current copies of the Rules of Aristotle Exchange and Contract Specifications including terms and conditions for available Contracts.
  2. Daily settlement prices, Final Settlement Prices, volume, open interest, and opening and closing ranges for actively traded Contracts once daily.
  3. Notices to Participants with respect to each addition to, modification of, or clarification of the Rules, fees, including Contract Specifications for new Contracts, except that if confidential treatment is sought with respect to any information, only the public version of such filing shall be disclosed.
  4. Additional reports from time to time in accordance with, and as specified in, these Rules or applicable Contract Specifications.
  5. Any other information that is relevant to participation in the clearing and settlement activities of the derivatives clearing organization.
- ii. The location on the Aristotle exchange website designated for public communications shall be clearly labeled on the exchange home page and readily available to the general public in a timely manner. All communications to be posted will be approved by the CCO.

## **5. Trading**

### **a. Contracts (Applies to DCM)**

- i. Aristotle Exchange may list such Contracts for trading as it determines in its discretion, the Contract Specifications for which are as established within Chapter 10.
- ii. Such specifications for each Contract will establish and govern such procedures and requirements as necessary, including but not limited to the Underlying, Trading Day, Trading Hours, First Listing Day, Last Trading Day, Minimum Price Increment, Price Limit(s), Final Settlement, Position Limits, Position Accountability Level, and Margin requirements.
- iii. Participants may not modify Contract Specifications in any respect.
- iv. If any event or any circumstance which may have a material impact on the reliability or transparency of a Contract's Source Agency or the Underlying related to the Contract arises, including but not limited to if a Contract's Source Agency is unavailable or undergoes significant modifications, the exchange retains the authority to designate a new Source Agency and Underlying for that Contract and to change any associated contract specifications or rules after the first day of trading. That new Source Agency and Underlying must be objective and verifiable. The exchange will announce any such decision on its website.
- v. Prior to Settlement of any contract, the exchange may, at its sole discretion, initiate a review of the contract or market outcome. Such review will be conducted by the Settlement Committee and consider any activities or events that materially impact the reliability or transparency of the market or contract. If such review will significantly delay the settlement of any contract,

the exchange will post to the Notices to Participants section of the exchange information regarding the review. The exchange, through the review process will have full discretion to resolve the market or contract outcome and shall be considered final.

**b. Trading Privileges (Applies to DCM and DCO as defined below)**

**i. Financial Requirements (Applies to DCM and DCO)**

1. Participants are required to have sufficient funds on deposit with the Clearinghouse such that any executed Orders will be accepted by the Clearinghouse.
2. To facilitate compliance with this Rule, Aristotle Exchange, in its sole discretion and from its own funds, may advance funds for immediate use to a Participant's Clearing Account provided that:
  - (i) Such advance is administrative in nature due to the normal course of timing of banking transactions and is not a loan.
  - (ii) Such Participant has Trading Privileges and submitted a bona-fide Funds Deposit Request.
  - (iii) Such Funds Deposit Request is being processed in the normal course of banking transactions by the Clearinghouse.
  - (iv) Such advanced amount shall not exceed the lesser of the Funds Deposit Request or U.S.D. \$1,000.00 and shall be available for no more than five business days or such additional time that Aristotle Exchange, in its sole discretion, shall allow.
3. Participants who fail to meet the financial requirements of this rule, including any failure to timely repay advanced funds, shall be subject to suspension of trading privileges and liquidation of their accounts without notice and shall be subject to further disciplinary processes pursuant to Rule 8.

**ii. Market Access (Applies to DCM and DCO)**

Aristotle Exchange System is accessed by Participants and their Authorized Traders electronically through one or more of the following connection methods. Accordingly, Participants and their Authorized Traders will have market access to submit Orders, deposit or withdraw funds, receive trade confirmations, and view open positions, account balances, and fees paid, through one or more of these interfaces.

1. *Exchange Graphic User Interface:* Aristotle Exchange may provide a graphic user interface that is managed by Aristotle Exchange and its personnel via web browser, mobile device, desktop application, or other means.
2. *Exchange Programming Interface:* Aristotle Exchange may provide an application programming interface that is managed by Aristotle Exchange to Independent Software Vendors. To access the Aristotle Exchange System, each ISV must execute such agreements as Aristotle Exchange requires from time to time and meet objective minimum standards as Aristotle Exchange in its discretion shall determine, including,

but not limited to, financial minimums, functional usability, technical competency, and client support.

3. *Independent Software Vendor Interface:* ISVs may provide a graphic user interface that is managed by the ISV and its personnel via web browser, mobile device, desktop application, or other means as permitted by Aristotle Exchange. Participants choosing to use such interfaces may be subject to fees, agreements, service levels, and restrictions that in addition to those of Aristotle Exchange. Orders placed via an ISV interface are not valid until received and acknowledged by Aristotle Exchange System and Participants (and not Aristotle Exchange) are solely responsible for all errors, omissions, or failures of the ISV system or consequential trading errors when using an ISV interface.
4. *Participant Application Programming Interface:* Aristotle Exchange may provide an application programming interface that is managed by Aristotle Exchange to Participants. To use such an interface, Participants must execute such agreements as Aristotle Exchange requires from time to time and meet objective minimum standards as Aristotle Exchange in its discretion shall determine including, but not limited to, financial minimums, volume minimums, technical competency, and capacity restrictions.

**iii. Limitations on Market Access (Applies to DCM and DCO except Item 3 below applies to DCM only)**

1. Market Access will be suspended during periods that Aristotle Exchange schedules for routine maintenance of Aristotle Exchange System and during any announced periods of non-routine maintenance. If trading is suspended either for routine or non-routine maintenance, notice will be given to Participants as promptly as practicable by the posting of a "Notice to Participants" on Aristotle Exchange's website.
2. Notwithstanding anything in these Rules to the contrary, Aristotle Exchange, in its sole discretion, may summarily limit, condition, restrict, qualify, or deny access to Aristotle Exchange System, including limiting the rate of messages accepted by Aristotle Exchange System from any or all Participant(s). Aristotle Exchange implements throttling of activity on the Aristotle website, which includes trade messages. Participants who submit orders or any other messages directly to Aristotle must implement sufficient controls. These controls should prevent excessive messaging or other activities that could be considered detrimental or disruptive to the market or Aristotle Exchange.
3. Rules governing denials, suspension and revocations of a member's and a person with trading privileges' access privileges to the DCM, including when such actions are part of a disciplinary or emergency action by the DCM shall be enforced impartially.

**iv. Impartial access by members, persons with trading privileges and independent software vendors (Applies to DCM)**

1. Aristotle Exchange will provide its members, persons with trading privileges, and independent software vendors with impartial access to its markets and services,

including: (1) Access criteria that are impartial, transparent, and applied in a non-discriminatory manner; and (2) Comparable fee structures for members, persons with trading privileges and independent software vendors receiving equal access to, or services from, the DCM.

**c. Orders (Applies to DCM)**

**i. Order Entry**

1. The Authorized Traders of each Participant shall enter Orders via secure electronic transmission directly or indirectly to Aristotle Exchange System by providing all information required by such system.
2. Upon receipt of such Orders by Aristotle Exchange System, Aristotle Exchange shall maintain an electronic record of such Orders.
3. Each Participant shall be responsible for all Orders placed for their Trading Account(s), whether authorized or unauthorized by the Participant.
4. Participants who are not individuals shall maintain Audit Trail information for a minimum of five years and have the ability to produce Audit Trail data in a standard format upon request of the DCM.

**ii. Permitted Order Types**

1. Except as provided in Rule 5(c)(iii), all Orders must be entered and executed on the Aristotle Exchange System and through the Central limit order book.
2. Limit Orders, such that the Order specifies a purchase or sale of a Contract at a specified price or better: a Limit Order will be executed when entered to the extent that there are opposite Orders open in Aristotle Exchange System, with any balance to remain as an open Order until it is executed or is cancelled.
3. Marketable Limit Orders, such that the Order specifies a purchase or sale a Contract at the best bid or best offer in Aristotle Exchange System at the time it is received by Aristotle Exchange System: a Marketable Limit Order will be executed when entered to the extent that there are opposite Orders open in Aristotle Exchange System, with any balance cancelled.
4. Cancellation Orders, such that an Order already in Aristotle Exchange System is removed from the system and is no longer available to be matched: Cancellation will become effective only upon the issuance of an acknowledgement by Aristotle Exchange System. An Order may be cancelled unless it has been executed or has otherwise expired.

**iii. Exceptions**

1. Except as provided in this Rule 5(c)(iii) no Participant or their Authorized Traders may enter a pre-discussed or pre-arranged transaction into Aristotle Exchange System.

2. *Wait Time Exception:* No Trader shall enter into or attempt to enter into any non-competitive trade on the platform. Authorized Traders seeking to execute a pre-discussed transaction shall submit the initial Order (either buy or sell) to Aristotle Exchange System, wait no less than 15 seconds, and then submit the opposite side Order. For the avoidance of doubt, the initial Order may be matched against other orders in Aristotle Exchange System and, therefore, the opposite side order is not assured of being matched with the original order.
3. *Reserved.*
4. Except as provided in this Rule 5(c)(iii) no Participant or their Authorized Traders may enter a pre-negotiated or non-competitive transaction into Aristotle Exchange System.

**d. Order Matching Priority (Applies to DCM)**

- i. An Order at a better price will always have priority over Orders at inferior prices.
- ii. Among Orders at the same price, priority will be given to the Order that was first received by DCM.
- iii. Cancelled Orders that are replaced by new Orders with identical Contract Instrument parameters lose their time priority.

**e. Errors (Applies to DCM except where noted below)**

**i. Notification**

If a Participant or Authorized Trader believes that an Order was incorrectly rejected or executed by Aristotle Exchange System, then such Participant or Authorized Trader may request review of the Order by:

1. Notifying DCM within 10 minutes by email to the email address provided on DCM's website;
2. Providing the confirmation number or other unique identifying characteristics for the Order;
3. Stating the grounds for the disagreement;
4. Stating the outcome or system behavior that was expected; and
5. Providing any other information that the Participant or Authorized Trader believes is pertinent to their claim.

**ii. Review**

1. Upon receipt of an error notification, DCM will review its electronic audit trail to determine, in its sole discretion, if the Aristotle Exchange System incorrectly rejected or processed the Order:

- (i) On the same Business Day if the request was received prior to 12:00 Noon Eastern Standard Time on a Business Day.
  - (ii) By the end of the following Business Day if such request was received after 12:00 Noon Eastern Standard Time on a Business Day or on any day that is not a Business Day.
- 2. The determination of DCM in its absolute and sole discretion is final.
- 3. If the review reveals that the Order was correctly processed by the Aristotle Exchange System, then DCM in its sole discretion may resolve the Participant's review request as follows:
  - (i) If the system behavior should have reasonably been anticipated or is due to any fault of the Participant or the Authorized Trader, make no adjustments.
  - (ii) If the system behavior could not reasonably be anticipated or is due to no fault by the Participant or the Authorized Trader, DCM in its sole and absolute discretion may make a monetary adjustment from its own funds, that DCM in its sole and absolute discretion believes represents a fair and equitable resolution of the Order's handling.
  - (iii) No adjustments to another Participants' positions shall be undertaken.
- 4. If the review reveals that the Order was incorrectly handled, then DCM in its sole and absolute discretion may resolve the Participant's error by:
  - (i) cancelling such trade in the Participant Trading Accounts of all directly affected Participants, or
  - (ii) making a monetary adjustment, which in the sole and absolute discretion of Aristotle Exchange and from its own funds, that Aristotle Exchange in its sole and absolute discretion believes represents a fair and equitable resolution of the Order's handling.

### **iii. Limitation of Liability (Applies to DCM and DCO)**

1. EXCEPT AS OTHERWISE PROVIDED IN THESE RULES, AND EXCEPT IN INSTANCES WHERE THERE HAS BEEN A FINDING OF WILLFUL MISCONDUCT OR GROSS NEGLIGENCE, IN WHICH CASE THE PARTY FOUND TO HAVE ENGAGED IN SUCH CONDUCT CANNOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE, NEITHER ARISTOTLE EXCHANGE (INCLUDING ITS AFFILIATES AND ANY CONTRACTORS AND SUB-CONTRACTORS PROVIDING SERVICES TO ARISTOTLE EXCHANGE) NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS SHALL BE LIABLE TO ANY OTHER PERSON, INCLUDING ANY PARTICIPANT OR PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER), FOR ANY LOSSES, DAMAGES, COSTS, OR EXPENSES (INCLUDING LOSS OF PROFITS, LOSS OF USE, DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES),

ARISING FROM (A) ANY FAILURE OR MALFUNCTION, INCLUDING ANY INABILITY TO ENTER OR CANCEL ORDERS, OF THE ARISTOTLE EXCHANGE SYSTEM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE ARISTOTLE EXCHANGE SYSTEM, OR (B) ANY FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY OR TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ARISTOTLE EXCHANGE SYSTEM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE ARISTOTLE EXCHANGE SYSTEM. THE FOREGOING SHALL APPLY REGARDLESS OF WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, OR OTHERWISE.

2. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS PROVIDED BY ARISTOTLE EXCHANGE (INCLUDING ITS AFFILIATES AND ANY CONTRACTORS AND SUBCONTRACTORS PROVIDING SERVICES TO ARISTOTLE EXCHANGE), RELATING TO THE ARISTOTLE EXCHANGE SYSTEM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE ARISTOTLE EXCHANGE SYSTEM, INCLUDING WARRANTIES OF MERCHANTABILITY AND WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE. THE SERVICES OF ARISTOTLE EXCHANGE ARE BEING PROVIDED ON AN "AS IS" BASIS AT THE SOLE RISK OF THE PARTICIPANT AND ANY PERSON ASSOCIATED WITH THE PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER). NEITHER ARISTOTLE EXCHANGE (INCLUDING ITS AFFILIATES AND ANY CONTRACTORS AND SUBCONTRACTORS PROVIDING SERVICES TO ARISTOTLE EXCHANGE) NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS MAKE ANY WARRANTY WITH RESPECT TO, AND NO SUCH PARTY SHALL HAVE ANY LIABILITY TO ANY PARTICIPANT OR ANY PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER) FOR, THE ACCURACY, TIMELINESS, COMPLETENESS, RELIABILITY, PERFORMANCE, OR CONTINUED AVAILABILITY OF THE ARISTOTLE EXCHANGE SYSTEM OR ARISTOTLE EXCHANGE, DELAYS, OMISSIONS OR INTERRUPTIONS IN EXCHANGE SERVICES, OR THE CREDITWORTHINESS OF ANY OTHER PARTICIPANT OR ANY PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER). ARISTOTLE EXCHANGE SHALL HAVE NO DUTY OR OBLIGATION TO VERIFY ANY INFORMATION DISPLAYED ON THE ARISTOTLE EXCHANGE SYSTEM OR OTHERWISE. EACH PARTICIPANT AND EACH PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER) ACKNOWLEDGES AND AGREES THAT ARISTOTLE EXCHANGE (INCLUDING ITS AFFILIATES AND ANY CONTRACTORS AND SUBCONTRACTORS PROVIDING SERVICES TO ARISTOTLE EXCHANGE) DOES NOT AND SHALL NOT SERVE AS THE PRIMARY BASIS FOR ANY DECISIONS MADE BY SUCH PARTICIPANT OR PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER), AS THE CASE MAY BE, AND IS NOT AN ADVISOR OR FIDUCIARY OF SUCH PARTICIPANT OR PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER), AS THE CASE MAY BE.

3. EXCEPT AS OTHERWISE PROVIDED IN THESE RULES, ANY LIABILITY OF ARISTOTLE EXCHANGE WILL BE LIMITED TO DIRECT, OUT-OF-POCKET LOSSES DIRECTLY CAUSED BY THE ACTS OR OMISSIONS OF ARISTOTLE EXCHANGE OR ITS DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS; PROVIDED THAT THE TOTAL COMBINED AGGREGATE LIABILITY OF ARISTOTLE EXCHANGE AND ITS DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS TO ANY ONE PARTICIPANT SHALL NOT, TAKEN TOGETHER WITH ANY LIABILITY OF THE CLEARINGHOUSE TO SUCH PARTICIPANT RESULTING FROM THE ACTS OR OMISSIONS OF THE CLEARINGHOUSE OR ITS DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS, EXCEED \$25,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED ON A SINGLE CALENDAR DAY; \$50,000 FOR ALL LOSSES SUFFERED FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND \$500,000 FOR ALL LOSSES SUFFERED FROM ALL CAUSES IN A SINGLE CALENDAR YEAR.
4. ANY DISPUTE ARISING OUT OF THE USE OF THE ARISTOTLE EXCHANGE SYSTEM OR EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT ARISTOTLE EXCHANGE SYSTEM IN WHICH ARISTOTLE EXCHANGE (INCLUDING ITS AFFILIATES AND ANY CONTRACTORS AND SUBCONTRACTORS PROVIDING SERVICES TO ARISTOTLE EXCHANGE) OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS IS A PARTY SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. ANY ACTIONS, SUITS, OR PROCEEDINGS AGAINST ANY OF THE FOREGOING MUST BE BROUGHT WITHIN TWO YEARS FROM THE TIME THEY FIRST ARISE, AND ANY SUCH ACTION, SUIT, OR PROCEEDING MAY ONLY BE BROUGHT IN ANY FEDERAL OR STATE COURTS LOCATED IN THE BOROUGH OF MANHATTAN IN THE STATE OF NEW YORK. THIS PROVISION SHALL IN NO WAY CREATE A CAUSE OF ACTION AND SHALL NOT AUTHORIZE ANY ACTION THAT WOULD OTHERWISE BE PROHIBITED BY RULES OF ARISTOTLE EXCHANGE.
5. ANY PARTICIPANT OR PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER) WHO FAILS TO PREVAIL IN A LAWSUIT OR OTHER LEGAL PROCEEDING INSTITUTED BY SUCH PERSON AGAINST ARISTOTLE EXCHANGE (INCLUDING ITS AFFILIATES) OR ANY OF ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS, AND RELATED TO THE BUSINESS OF ARISTOTLE EXCHANGE, WILL PAY TO ARISTOTLE EXCHANGE ALL REASONABLE EXPENSES, INCLUDING ATTORNEYS' FEES, INCURRED BY ARISTOTLE EXCHANGE IN THE DEFENSE OF SUCH PROCEEDING TO THE EXTENT THAT SUCH EXPENSES EXCEED FIFTY THOUSAND DOLLARS (\$50,000.00). THIS PROVISION WILL NOT APPLY TO DISCIPLINARY ACTIONS BY ARISTOTLE EXCHANGE, ADMINISTRATIVE APPEALS OF EXCHANGE ACTIONS, OR IN ANY SPECIFIC INSTANCE WHERE THE BOARD OF DIRECTORS HAS GRANTED A WAIVER OF THIS PROVISION.
6. NOTWITHSTANDING ANY OF THE FOREGOING PROVISIONS, THIS RULE 5(e)(iii) SHALL IN NO WAY LIMIT THE LIABILITY OF ANY PERSON ARISING FROM ANY VIOLATION OF SUCH PERSON OF THE CEA OR CFTC REGULATIONS THEREUNDER.

**f. Position Limits and Position Accountability (Applies to DCM)**

**i. Position Limits**

1. Position Limits may be established by Aristotle Exchange from time to time for any Contract or Contract Instrument.
2. The maximum position will be set forth in the Contract Specifications of any Contract with such limits.
3. No Person shall be permitted to enter into any transaction on Aristotle Exchange that would cause such Person to exceed any position limit, *except that*:
  - (i) Upon application from a Participant, for hedging or other good cause shown, Aristotle Exchange in its sole discretion may exempt the Participant from a limit on a temporary or permanent basis.
  - (ii) Any exemption may include new limits.
  - (iii) Aristotle Exchange shall have the authority to review and rescind any exemption.
4. For purposes of this Rule 5(f)(i), Aristotle Exchange will aggregate the Trading Accounts for all Participants as provided by Commission Regulation §150.4.

**ii. Position Accountability (Applies to DCM)**

1. Aristotle Exchange may, at any time, require a Participant and its Authorized Traders who owns or controls positions in contracts traded on Aristotle Exchange to provide information relating to the nature and size of such person's position; the trading strategy employed with respect to the position; information supporting a determination of the hedging nature of the position; and such other position information as may be requested.
2. Aristotle Exchange may order the reduction of any such position of a Participant who fails to provide the information as directed, or in its discretion, order that a position above the position accountability threshold not be increased.
3. Aristotle Exchange shall adopt for each contract, as is necessary and appropriate, position accountability for speculators.

**g. Publication of Trading Information (Applies to DCM)**

- i. *Self-cleared Contracts*: All Contracts listed by Aristotle Exchange qualify as "Exclusively self-cleared contracts" within the meaning of CFTC Regulation §16.00.
- ii. *Public Market Data*: Trading volume, open interest, prices, and critical dates will be published by Aristotle Exchange on its website, consistent with CFTC Regulation §16.01.

- iii. *Daily Trade and Supporting Data Supplied to the CFTC*: Aristotle Exchange will provide data to the CFTC as required by CFTC Regulation §16.02.
- iv. *Errors or Omissions*: Aristotle Exchange shall file corrections to errors or omissions in data as required by CFTC Regulation §16.06.

**h. Fees (Applies to DCM and DCO)**

- i. Participants may be charged fees in connection with the trading of Contracts, processing of Participant deposits and withdrawals, and other fees in such amounts as may be posted on Aristotle Exchange's website. Routine withdrawals will be processed via ACH. Withdrawals by alternate methods may incur additional fees.
- ii. The Board of Directors shall have the sole authority to set the times and amounts of any fees to be paid by Participants.
- iii. The Clearinghouse may deduct directly from the Participant Clearing Account DCM fees or expenses incurred by Participants.
- iv. If a Participant fails to pay when due any DCM fees or other amounts due on such Participant, and such payment obligation remains unsatisfied for thirty (30) Business Days after its due date, Aristotle Exchange as it deems necessary or appropriate may suspend, revoke, limit, condition, restrict, or qualify the Trading Privileges of such Participant and its Authorized Traders.

**i. Incentive Programs (Applies to DCM and DCO)**

- i. Participants shall be entitled to receive incentive payments from Aristotle Exchange for any incentive program that Aristotle Exchange in its discretion may offer, provided that the Participant:
  - 1. is in good standing with Aristotle Exchange;
  - 2. is, if applicable, registered with the NFA in an appropriate registration category, or exempt from such registration;
  - 3. submits to Aristotle Exchange such additional forms and agreements as Aristotle Exchange shall require and promptly update any information provided therein that becomes inaccurate or incomplete;
  - 4. complies with the terms and conditions of such incentive program including, but not limited to, depositing or maintaining funds, achieving trading volumes, attaining open interest, demonstrating required technical and operational capabilities, soliciting additional Persons to apply as Participants, or such other requirements as specified in each such incentive program.
- ii. All payments made for incentive programs will be made directly by Aristotle Exchange through the Clearinghouse via the Participant Clearing Account.

## **6. Clearing and Settling Contracts (Applies to DCO)**

### **a. Clearinghouse**

- i. The number of directors on the Board of Directors shall be five, at least two of whom shall be Public Directors, provided that the number of Public Directors shall at all times equal no less than 35% of the entire Board of Directors, or such higher percentage as the CFTC may require. At least two directors on the Board of Directors shall be Market Participant Directors.
- ii. The Clearinghouse shall be the DCO for the clearance and settlement of all contracts traded on Aristotle Exchange, unless otherwise provided in the Contract Specifications.
- iii. Each Participant of Aristotle Exchange shall clear its own positions.

### **b. Participant Clearing Accounts**

- i. Each Clearing Participant shall maintain at least one proprietary Participant Clearing Account to maintain its Margin Funds, Open Contract Positions, Closed Contract Positions, Contract Profit, or Loss Amounts.
- ii. A Participant may, subject to the prior approval of Aristotle Exchange, maintain more than one proprietary Participant Clearing Account. The positions in such separate accounts shall not net with each other nor shall they off-set.
- iii. Funds held in Participant Clearing Accounts shall be considered Member Property, as such term is defined in the Bankruptcy Code.
- iv. Except as provided in Rule 6(b)(v), Aristotle Exchange shall at all times account for, segregate, and maintain at a Settlement Bank all funds held in Participant Clearing Accounts.
- v. Notwithstanding paragraph 6(b)(iv), Aristotle Exchange may maintain an Aristotle Exchange proprietary account that:
  1. receives fees or other Participant payments owed to Aristotle Exchange,
  2. receives the proceeds of investments as provided in Rule 6(k)(ii),
  3. provides funds to Participants as provided in Rule 5(b)(i)(2).

### **c. Deposits to and Withdrawals from Participant Accounts**

- i. Participants may make deposits to their Participant Clearing Accounts through the Aristotle Exchange Platform. At the discretion of the exchange, deposits may only be in the form of cash, ACH, wire transfer, EFT (electronic funds transfer), or other bank transfers such as RTP (real time payments). Such transfers may be initiated or fulfilled by a bank or bank equivalent such as a credit union, savings and loan or other federal or state-chartered depository of U.S. funds. All deposits must be made in U.S. dollars. Crypto currencies, foreign currencies, credit card transactions, and securities are not acceptable for deposits.
- ii. Participants may use Participant Funds as Margin Funds upon
  1. receipt of such funds by the Clearinghouse, and

2. authorization by Aristotle Exchange as provided in Rule 5(b)(i)(2).
- iii. Participants may request withdrawal of Available Funds through the Aristotle Exchange Platform.
- iv. Upon receipt of a withdrawal request by Aristotle Exchange, a Participant's Available Funds will be reduced immediately by the withdrawal request amount.
- v. The amount of any such withdrawal request shall be reduced to reflect a Participant's then outstanding obligations, if any, to Aristotle Exchange.
- vi. Before processing withdrawal requests, the Clearinghouse, in its sole discretion, may require additional information from a Participant to comply with Applicable Law.
- vii. A withdrawal request may be denied in whole or in part if Participant funds are related to a pending investigation or if Participant's Trading Account or privileges are restricted or suspended for valid reasons pursuant to these rules or the Participant Agreement.
- viii. Withdrawals occur, and funds are available through electronic transfer to the Participants originating bank account, no later than the next Settlement Bank Business Day after a Participant has submitted a withdrawal notification if the Participant submits a withdrawal notification prior to noon ET. Withdrawal requests after noon ET each day will be processed for settlement on the following business day. Withdrawal requests processed for the convenience of the Participant via an alternative method may be delayed to accommodate the individual request.
- ix. Participants withdrawal of funds that fail to meet the following criteria may be delayed:
  1. more than 30 days from date of deposit of funds.
  2. account contains complete banking information.
  3. account contains complete verified tax information such as SSN
  4. designate to remit funds to same bank account from which Participants funds were deposited.
  5. use of electronic funds transfers (ACH).
  6. Participant does not have an outstanding advance.
- x. Except as otherwise provided herein, Collateral must be and remain unencumbered. Each Participant posting collateral hereby grants to the Company a continuing first priority security interest in, lien on, right of setoff against and collateral assignment of all of such Participant's right, title and interest in and to any property and collateral deposited with the Company by the Participant, whether now owned or existing or hereafter acquired or arising, including without limitation the following: (i) such Participant's Participant Account and all securities entitlements held therein and all funds held in a Collateral Account; and (ii) all proceeds of the foregoing. A Participant shall execute any documents required by the Company to create, perfect and enforce such lien.

**d. Settlement Bank**

- i. The Clearinghouse will designate at least one Settlement Bank as defined by CFTC Regulation §39.14(a)(2) for the purpose of holding Member Property.

**e. Acceptance for Clearance**

- i. Every Participant shall at all times have funds sufficient to cover the maximum possible loss such Participant could incur upon liquidation or expiration of its positions. For the avoidance of doubt, Open Contract Positions are not marked-to-market, and no variation margin is collected.
- ii. Upon the matching of a Participant's order by the DCM, but prior to acceptance for clearance, the Clearinghouse shall confirm the required trade details, including sufficiency of the Eligible Margin Funds in the Clearing Participant's Account to fund the Original Margin for such positions, if executed.
- iii. If the Clearinghouse determines that any pending match or portion thereof contains a material error or is otherwise not eligible for clearing, then the Clearinghouse shall not accept such pending match for clearing and will notify Aristotle Exchange of such non-acceptance and the reason thereof and such match shall be void ab initio.
- iv. If the Clearinghouse accepts such pending match for clearing, then in its capacity as a registered derivatives clearing organization, the Clearinghouse shall immediately, through the process of novation, be substituted as, and assume the position of, seller to the Participant buying and buyer to the Participant selling such contract.
- v. Upon such substitution, the buying and selling Participants shall be released from their obligations to each other, and such Participants shall be deemed to have bought the contracts from or sold the contracts to the Clearinghouse, as the case may be, and the Clearinghouse shall have all the rights and be subject to all the liabilities of such Participant with respect to such transaction.
- vi. Such substitution shall be effective in law for all purposes.
- vii. Contracts with the same terms and conditions submitted to the Clearinghouse for clearing are economically equivalent within the Clearinghouse and may be offset with each other within the Clearinghouse.

**f. Opening Positions and Position Close Out**

- i. Before the Clearinghouse establishes an opening position with any Participant in an individual contract, it shall calculate the Margin Requirement for such position. On execution of the transaction, the Clearinghouse shall collect from the Participant's Available Funds the necessary sum to provide for full collateralization of the position. Should the Participant lack sufficient available Funds to cover this opening position in full, the Clearinghouse shall reduce the Participant's Order to such point that sufficient funds are available to execute the trade, thus mainlining the full collateralization of the Position resulting from the order.
- ii. When the Clearinghouse, pursuant to a new order from the Participant, seeks to establish a further Position with the same Participant in the same contract, it shall calculate the Participant's New Margin Requirement based on the Participant's combined Position in the contract resulting from the transaction. In the event that on execution, the Participant's New Margin Requirement exceeds that of the previous Margin Requirement the Clearinghouse shall collect the difference from the Participant's Available Funds. Should the Participant on execution lack sufficient Available Funds to cover this difference in full, the

Clearinghouse shall reduce the Participant's Order, prior to execution, to such point that sufficient funds are available to execute the trade, thus maintaining the full collateralization of the resulting Position. Should the Participant's New Margin Requirement on execution be less than that of the previous Margin Requirement, the Clearinghouse shall return to such Participant's Available Funds the difference between the two requirements.

- iii. When the Clearinghouse seeks to close out any Position, resulting from a sale by the Participant or expiration of the contract, in whole or in part, with any Participant, it shall calculate the Participant's New Margin Requirement based on the combined Position in the contract. Should the Participant's New Margin Requirement on execution be less than that of the previous Margin Requirement, the Clearinghouse shall return to such Participant's Available Funds the difference between the two requirements. Should the Participant's New Margin Requirement on execution exceed that of the previous Margin Requirement, the Clearinghouse shall collect the difference from the Participant's Available Funds. Should the Participant lack sufficient Available Funds to cover this difference in full, the Clearinghouse shall reduce the Participant's sale order to such point that sufficient funds become available to execute the trade thus maintaining the full collateralization of the resulting position. In other words, Participants will be prevented from closing any position, in whole or in part, in the event that their New Margin Requirement exceeds the previous Margin Requirement, and that the Participant on execution lacks sufficient Available Funds to cover this difference in full. Participants wishing to close such Positions will need either to a) deposit additional funds to cover this difference in full or b) close one or more Positions in other contracts linked to the contract in question, with the effect that, subsequent to the closure of such Position(s), the New Margin Requirement is sufficiently reduced so that difference between it and the Original Margin Requirement can be collected from the Participant's Available Funds.

#### **g. Settling at Expiration**

- i. Upon expiration of each Contract, position close-out shall be made in accordance with the relevant Contract Specifications provided that Aristotle Exchange may, in its sole discretion, permit two or more Participants to enter into arrangements to settle any Contract between such Participants on terms different from those set forth in the relevant Contract Specifications.

#### **h. Reports**

- i. Each Participant shall have access to the information in their Participant Clearing Account on a continuous basis whenever logged on to the Aristotle Exchange System.
- ii. Each Participant shall be responsible for reconciling the Participant's records with Participant Clearing Account balances provided by Aristotle Exchange.

#### **i. Transfers of Positions**

- i. Positions may be transferred between two or more Clearing Participant Accounts provided that:
  - 1. the transfer constitutes a change from one account to another account where the underlying beneficial ownership in such accounts remains the same;

2. the transfer is in connection with, or as a result of, a merger, asset purchase, consolidation, or similar non-recurring transaction between two or more entities where one or more entities become the successor in interest to one or more other entities;
  3. in the judgment of the Clearinghouse, such transfer is in the best interest of Aristotle Exchange.
- ii. Any position transferred shall be reported by Aristotle Exchange as a “Transfer Trade” and carried on the books of the Clearinghouse at the original trade dates and prices.

**j. Taxes**

Each Participant shall pay all taxes, fees, assessments, or other charges associated with any Contract to which such Participant is a party or in which such Participant holds a position, in accordance with the terms of such Contract. In the event that the Clearinghouse is asserted to be liable or is held liable for any such tax, fee, assessment, or charge, the Participant tendering such Contract for clearing shall be responsible for the payment of any such tax, fee, assessment, or charge.

**k. Investment of Participant Funds**

- i. All Member Property that is invested by the Clearinghouse shall be held in instruments that comply with CFTC Regulations §§1.25 and 39.15(e). This list is as follows:
  1. Obligations of the United States and obligations fully guaranteed as to principal and interest by the United States (U.S. government securities);
  2. General obligations of any State or of any political subdivision thereof (municipal securities);
  3. Obligations of any United States government corporation or enterprise sponsored by the United States government (U.S. agency obligations);
  4. Certificates of deposit issued by a bank (certificates of deposit) as defined in section 3(a)(6) of the Securities Exchange Act of 1934, or a domestic branch of a foreign bank that carries deposits insured by the Federal Deposit Insurance Corporation;
  5. Commercial paper fully guaranteed as to principal and interest by the United States under the Temporary Liquidity Guarantee Program as administered by the Federal Deposit Insurance Corporation (commercial paper);
  6. Corporate notes or bonds fully guaranteed as to principal and interest by the United States under the Temporary Liquidity Guarantee Program as administered by the Federal Deposit Insurance Corporation (corporate notes or bonds); and
  7. Deposits in interest bearing accounts at FDIC insured banks.
- ii. All Member Property invested as provided in Rule 6(k)(i) shall be for the account and risk of Aristotle Exchange and any income, gains, and losses on such investments shall belong to Aristotle Exchange.
- iii. Selection of options from the above list shall be made by the Aristotle Exchange CFO and periodically reviewed by the board.
- iv. The CFO shall maintain and make available to the board, the investment reports from all member funds invested by the Aristotle Exchange. The CFO shall present to the board annually, a report on investment selection and results for the previous and current year.

- v. The Aristotle Exchange will manage the permitted investments consistent with the objectives of preserving principal and maintaining liquidity. As the Aristotle Exchange is fully Collateralized, there is no need to allow for the sale of the above securities to meet margin calls. The pooled nature of the deposited funds by members eliminates the need to provide separate investment monitoring or reporting on a member basis.
- vi. All instruments selected for investment of member funds will be from the list above shall be in compliance with the regulations listed in 17 CFR § 1.25 - Investment of customer funds

## **7. Prohibited Participant Conduct (Applies to DCM and DCO)**

### **a. Violations**

- i. Violation of any of the provisions in this Rule 7 may result in temporary or permanent suspension of trading privileges for a Participant, Authorized Trader or any other Person or Entity that participates on the Exchange. Aristotle may summarily impose disciplinary action if the Chief Compliance Officer believes such action is necessary to protect other market Participants, Aristotle Exchange, or the market in general.
- ii. Aristotle Exchange will notify the Participant whose trading privileges are to be summarily suspended by electronic mail before the action is taken, or if prior notice is not practicable, at the earliest opportunity. This notice shall state:
  - 1. The action taken or to be taken;
  - 2. The reason(s) for the action;
  - 3. The effective date and time, and duration if known; and
  - 4. That the Participant may contest such suspension as provided in this Rule 7.
- iii. The Participant may contest a summary suspension by responding to the notification email with evidence or explanation that the suspension was based on a mistake or misunderstanding of the Participant's actions, was supported by insufficient reasons, or was otherwise inappropriate. The Chief Compliance Officer (CCO) shall review the information provided by the Participant and either affirm, modify, or reverse the summary suspension. The CCO shall inform the Participant of his decision and action on the appeal and inform that Participant that further proceedings will be available under Rule 8.
- iv. The Compliance Department ordinarily will initiate a disciplinary proceeding under Rule 8 following a summary suspension of trading privileges.
- v. Where a rule violation is found to have occurred, no more than one warning letter may be issued to the same person or entity per rolling 12-month period for the same violation.

### **b. General Conduct**

- i. Each Participant shall abide by all requirements contained in these Rules of Aristotle Exchange and in the Aristotle Exchange Participant Agreement.
- ii. Each Participant shall engage in conduct or practices consistent with just and equitable principles of trade.
- iii. No Participant may operate or solicit in any capacity that may require registration with the CFTC without being properly registered.

- iv. No Participant shall, directly or indirectly, engage in any activity, intentionally or recklessly, that adversely affects the integrity of the Platform or its underlying systems.

**c. Prohibited Communication**

- i. No Person shall make any statement that presents a risk of harm to any other Participant, the public, or Aristotle Exchange including any members of their staffs.
- ii. No Person shall make any false statements on any Participant application or information request.
- iii. No Participant shall make any misstatement of a material fact to Aristotle Exchange including any members of their staffs.
- iv. Except as permitted under Rule 5(c)(iii), no Participant shall directly or indirectly discuss or pre-arrange any trade or the timing of order entry.
- v. No Participant shall create any appearance of a partnership, agency, employment, or affiliate relationship with Aristotle Exchange.

**d. Fraudulent Acts**

- i. No Participant shall make, or attempt to make, any fraudulent or misleading communications relating to the purchase or sale of any Contract.
- ii. No Participant shall make a false representation to a third-party financial institution that results in any reversal of a deposit.
- iii. No Participant shall engage, or attempt to engage, in any fraudulent act or engage, or attempt to engage, in any scheme to defraud, deceive, or trick in connection with or related to any trade on or other activity related to Aristotle Exchange.
- iv. No Participant shall intentionally or recklessly engage, or attempt to engage, in any manipulative or disruptive trading practices prohibited by the Act or by the Commission pursuant to Commission regulations as defined in Commission Regulation 38.152.
- v. No Participant shall enter or attempt to enter a buy order in any contract assigned to a Mirrored or Highly Correlated Group (“MHC Group”) as described under section 2(a) Defined Terms, such that:
  - 1. The execution of that order could result in a position on the Exchange while the Participant holds a position in a contract within the same MHC Group on an Affiliate trading platform, or vice versa;
  - 2. Two or more orders in contracts within the same MHC Group are simultaneously active on both the Exchange and an Affiliate trading platform.

**e. Fictitious Transactions**

- i. No Person shall enter into or attempt to enter into any trade on the Platform that:
  - 1. Is bidding or offering with the intent to cancel the bid or offer before execution, a practice commonly known as “spoofing”;

2. Unnaturally inflates trading volume;
3. Manipulates, attempts to manipulate, or has the effect of manipulation of prices;
4. Intentionally or recklessly leads to price distortion, market congestion, or to disorderly market prices;
5. Intentionally or recklessly violates bids or offers or in any way circumvents the Platform's order processing, trade ordering, trade execution systems, or otherwise circumvents exposure of the order to open and competitive bidding on the Platform;
6. Does not result in a change in beneficial ownership; or
7. That has some other illegitimate purpose including but not limited to "money passing", "wash trading", or "front-running" as such terms are defined by the Commission and any regulations promulgated thereunder or as commonly understood by the industry.

**f. Limitations on Trading with Certain Information**

- i. No Person shall enter an Order for any Contract, directly or indirectly, based upon material, non-public information obtained in violation of a legal duty owed by one Person to another.
- ii. No Participant shall enter an Order for any Contract, directly or indirectly, if such Participant controls or has access to material non-public information which could affect the Final Settlement Price of the Underlying in such Contract.

**g. Off Exchange Trading**

- i. No Person shall enter into or agree to transfer, assign, or dispose of any Contracts other than as provided in these Rules.

**h. Deposit and Withdrawal of Funds**

- i. No Participant shall deposit funds or allow funds to be deposited into their account from any source other than their own funds.
- ii. No Participant shall deposit funds without account balance sufficient to complete such deposit.
- iii. No Participant may withdraw funds or allow funds to be withdrawn from their account into any source other than an account in their own name.
- iv. No Participant shall knowingly make any false or misleading representation to any third party concerning any deposit made into that Participant's account, where such representation could reasonably be expected to result in a chargeback, reversal, or stoppage of payment to the Participant's account.

**i. Prohibited Conduct**

- i. No Participant shall act in a manner, intentionally or recklessly, contrary to just and equitable principles of trade or otherwise contrary to the best interests of the market.

## **8. Rule Enforcement and Disciplinary Process (Applies to DCM and DCO)**

- a. Any Person that directly or indirectly effects a transaction on Aristotle Exchange, or any Participant, Authorized Trader, Independent Software Providers (ISVs), Person or Entity shall be subject to Aristotle Exchange's jurisdiction for matters of discipline and rule enforcement.
- b. The Compliance Department shall investigate unusual trading activity or other activity that the Compliance Department has reasonable cause to believe could constitute a violation of these Rules, or upon the receipt of a request from Commission staff.
- c. The Compliance Department of the Exchange has the authority to examine books and records of Persons under investigation and will endeavor to complete any investigation within twelve months, unless there exists significant reason to extend it beyond such period.
- d. Upon the conclusion of any investigation, the Compliance Department will draft a document detailing the facts that led to the opening of the investigation, the facts that were found during the investigation, and the Compliance Department's analysis and conclusion.
- e. If the Compliance Department concludes that there is reasonable cause to believe a Participant, or any other person and entity subject to Exchange Rules, has violated Aristotle Exchange's Rules or other applicable statutes or regulations, the Compliance Department will submit to the Participant whose activity is the subject of the investigation a notice of charges, by electronic mail to that Participant's last known email address, that will include:
  - i. The reason the investigation was initiated;
  - ii. The charges or a summary of the charges, including the rule or rules alleged to have been violated;
  - iii. The response, if any, or a summary of the response;
  - iv. A summary of the investigation conducted;
  - v. Findings of fact and the Compliance Department's conclusions as to each charge, including which of these Rules the Participant or its authorized representative violated, if any;
  - vi. A summary of the Participant's, and any relevant authorized representative's, disciplinary history, if any;
  - vii. The period within which a hearing on the charges may be requested;
  - viii. The penalty, if any, proposed by Aristotle Exchange; and
  - ix. The email address of the Compliance Department to submit any answer.
- f. If the Compliance Department initiates an investigation, which includes suspected conflicts of interest, in which any Affiliate of Aristotle Exchange is a subject, the Chief Regulatory Officer shall notify the Commission's Division of Market Oversight or Division of Clearing and Risk as applicable of that fact. At the conclusion of any such investigation, the Chief Regulatory Officer shall provide the Commission's Division of Market Oversight or Division of Clearing and Risk as applicable with a copy of the documentation specified in Rule 8(e).

- g. Upon notice of a disciplinary action, a Participant or any other person and entity subject to Exchange Rules, has the right to:
  - i. Retain and be represented by counsel. However, respondent may not be represented by any member of the Exchange's board of directors or disciplinary panel, any employee of the Exchange, or any person substantially related to the underlying investigations, such as material witness or respondent.
  - ii. Examine all relevant books, documents, or other evidence in the possession or under the control of Aristotle Exchange, except any documents that:
    - 1. Are privileged and/or that constitute attorney work product;
    - 2. Will not be offered in evidence in any disciplinary proceedings;
    - 3. May disclose a technique or guideline used in examinations, investigations, or enforcement proceedings; or
    - 4. Disclose the identity of a confidential source.
- h. The Participant, or any other person and entity subject to Exchange Rules, whose activity is the subject of the investigation may answer by:
  - i. Contesting any findings and conclusions within 15 days by sending a detailed response to and relevant information about each charge via electronic mail to the Compliance Department;
  - ii. Requesting to enter into settlement negotiations within 15 days by submitting this request via electronic mail to the Compliance Department, which may be withdrawn at any time before it is accepted by the Compliance Department and shall not prejudice a Participant or otherwise affect subsequent procedures in the disciplinary process; or
  - iii. Accepting the proposed penalty or not contesting the proposed penalty within 15 days, without admission of any rule violation. Participant will be sent a copy of the notice of disciplinary action by electronic mail to that Participant's last known email address.
- i. If the Participant, or any other person and entity subject to Exchange Rules, contests the findings, then Aristotle Exchange will empanel a Disciplinary Panel, consisting of at least three individuals, at least one of whom would qualify to serve as Public Director, appointed by the Board at the recommendation of the Chief Regulatory Officer, will conduct hearings requested. No member of any Disciplinary Panel may (i) have a financial, personal or other direct interest or involvement in the matter under such Disciplinary Panel's consideration, (ii) be a member of the Regulatory Compliance Department, or (iii) be involved in adjudicating any other stage of the applicable proceeding under the Disciplinary Panel's consideration. The Exchange's enforcement and compliance staffs must be parties to the hearing, and the enforcement staff must present their case on those charges and sanctions that are the subject of the hearing as required under §38.707 Hearings. In accordance with §38.707 the record must be one that is capable of being accurately transcribed; however, it need not be transcribed unless the transcript is requested by Commission staff or the respondent, the decision is appealed pursuant to the rules of the DCM or is reviewed by the Commission pursuant to section 8c of the Act or part 9 of this chapter. The DCM's enforcement and compliance staffs must be parties to the hearing, and the

enforcement staff must present their case on those charges and sanctions that are the subject of the hearing as required under §38.707 Hearings.

- j. No Aristotle Exchange officer or employee shall interfere with or attempt to influence the process or resolution of any disciplinary action, except to the extent provided under these Rules.
- k. The Disciplinary Board will conduct a hearing by electronic means within 30 business days of receipt of the response by the Participant or other person or entity subject to Exchange jurisdiction (“Respondent”). The Respondent is entitled to appear personally at the hearing, to cross-examine any persons appearing as witnesses at the hearing, and to call witnesses and to present such evidence as may be relevant to the charges.
- l. Prior to the hearing, the parties may submit proposed findings, briefs, exhibits, and affidavits.
- m. The formal rules of evidence shall not apply, but the hearing must be fair. The Compliance Department shall present its case on all charges and sanctions that are the subject of the hearing.
- n. During the hearing, the parties may present witnesses.
  - i. Persons within Aristotle Exchange’s jurisdiction who are called as witnesses must participate in the hearing and produce evidence, as requested.
  - ii. Aristotle Exchange shall make reasonable efforts to secure the presence of all other persons called as witnesses.
- o. Within 30 business days after that hearing, the Disciplinary Board will issue findings, which will be delivered to the Respondent by electronic mail to the Respondent’s last known email address. The findings of the Disciplinary Board will contain the following information:
  - i. A summary of the charges and any answer to the charges;
  - ii. A summary of the evidence received;
  - iii. Findings and conclusions with respect to each charge;
  - iv. An indication of each specific rule that the Participant was found to have violated;
  - v. A declaration of any penalty to be imposed on the Participant as the result of the findings and conclusions.
  - vi. The effective date and duration of that penalty; and
  - vii. A statement that the Respondent has the right to appeal any adverse decision by the panel to an Appeals Board and must do so within 15 days. The decision will become final unless timely notice of appeal is filed.”
- p. The Participant or the Compliance Department may appeal the Hearing Board’s decision within 15 days by filing an appeal via electronic mail to the other Party. Any penalties imposed by the Hearing Board will be stayed pending appeal unless the Hearing Board determines that such stay would be detrimental to Aristotle Exchange, Participants, or the public.

- q. Aristotle Exchange will empanel an Appeals Board of three individuals with one individual acting as the Chairperson whose members are drawn from individuals that would be eligible to serve as Aristotle Exchange Public Directors.
- r. The Appeals Board will review the hearing record and any information submitted by the Compliance Department and the Participant on appeal and issue its decision, which shall be final on the date of such issuance. The Participant shall be notified of the decision by electronic mail to the Participant's last known email address.
- s. The hearing record, any information submitted on appeal, and the Appeals Board's decision shall be preserved as the record on appeal. The decision will contain:
  - i. A statement that any person aggrieved by the action may have a right to appeal the action pursuant to Part 9 of the Commission's Regulations, within 30 days of service, and
  - ii. A statement that any person aggrieved by the action may petition the Commission for a stay pursuant to Part 9 of the Commission's Regulations, within 10 days of service.
  - iii. The hearing record, in accordance with Regulation 38.707, shall be capable of being accurately transcribed; however, it need not be transcribed unless the transcript is requested by Commission staff or the respondent, the decision is appealed pursuant to the rules of the Exchange, or is reviewed by the Commission pursuant to section 8c of the Act or part 9 of 17 CFR (this chapter). In all other instances a summary record of a hearing is permitted.
- t. Aristotle Exchange will post on its website a public notice of the disciplinary action in accordance with Commission Regulation §9.11.
- u. The disciplinary action will be considered final on the date the notice of the disciplinary action is published.
- v. Aristotle Exchange shall provide notice of the disciplinary action, appeal determination, or settlement in which sanctions are imposed to the Participant, no later than two business days after it becomes final.
- w. Aristotle Exchange shall submit to the Commission any rule violation that constitutes a disciplinary offense by a member of the Board of Directors or any committee as defined in Commission Regulation §1.63.
- x. Aristotle Exchange trading system will record and store for a period of not less than 5 years in a searchable, read-only database a record of all data entered into the Aristotle Exchange trading system, including the Member's identity and the information in Rule 5.c. Such records shall be maintained in a readily available manner during the first two years. Aristotle Exchange shall conduct market surveillance and trade practice surveillance using this data with programs designed to alert Aristotle Exchange when potentially unusual trading activity takes place. Aristotle Exchange, through the compliance department, will initiate review and, where appropriate, investigate such unusual trading activity. The compliance department will also investigate any time it has other reason to believe that inappropriate activity of any sort is taking place on the Aristotle Exchange Platform or its website. Such records to be made available for inspection by the Aristotle Exchange, CFTC, or DOJ.
- y. Aristotle Exchange shall keep, or cause to be kept, complete and accurate books and records of accounts of the Aristotle Exchange, including all books and records required to be maintained pursuant

to the CEA, and the CFTC Regulations, in a form and manner that is acceptable to the Commission. The Aristotle Exchange shall retain all such books and records for at least five years and shall make such books and records readily accessible for inspection by the CFTC and the U.S. Department of Justice during the first two years of such five-year period.

- z. Upon request, Aristotle Exchange will provide information to the US Securities and Exchange Commission, the US Department of Justice, or any representative of a prudential regulator as authorized under Applicable Law, in the manner and form required. This includes records relating to Swaps as defined in Section 1a(47)(A)(v) of the CEA open to inspection and examination by the US Securities and Exchange Commission.
- aa. The Aristotle Exchange shall establish a program for effective enforcement of its Audit Trail and recordkeeping requirements, thus satisfying all the requirements of §38.553. The enforcement program will, through reviews conducted no less than annually, identify members, firms, and persons subject to the Aristotle Exchange recordkeeping rules that have failed to maintain high levels of compliance with such requirements, and levy necessary sanctions when deficiencies are found. Sanctions shall be sufficient enough to deter recidivist behavior. No more than one warning letter may be issued to the same person or entity found to have committed the same rule violation within a rolling twelve-month period. Audit trail and recordkeeping reviews shall include reviews of randomly selected samples of front-end audit trail data for order routing systems; a review of the process by which Participant Identifications are assigned and Participant Identification records are maintained; a review of usage patterns associated with Participant Identifications to monitor for violations of Participant Identification rules; and reviews of account numbers and customer type indicator codes in trade records to test for accuracy and improper use.
- bb. Disciplinary sanctions imposed by the Exchange or its disciplinary panels must be commensurate with the violations committed and must be clearly sufficient to deter recidivism or similar violations by other market Participants. All disciplinary sanctions, including sanctions imposed pursuant to an accepted settlement offer, must take into account the respondent's disciplinary history. In the event of demonstrated harm to any other party, any disciplinary sanction must also include full restitution, except where the amount of restitution, or to whom it should be provided, cannot be reasonably determined.

## **9. Arbitration (Applies to DCM and DCO)**

- a. Except as otherwise provided in the Rules of Aristotle Exchange, Participants must arbitrate all controversies arising in connection with their Aristotle Exchange business, including between or among themselves, except claims alleging employment discrimination (including sexual harassment) in violation of Applicable Law. Controversies involving violations or alleged violations of Exchange rules are not subject to arbitration; controversies involving Exchange rules are subject to Rule 8 (Rule Enforcement and Disciplinary Process).
- b. Controversies between Participants or between the Exchange and Participants shall be resolved through binding arbitration administered by the American Arbitration Association in accordance with the provisions of its Commercial Arbitration Rules and the supplementary procedures for consumer related disputes of the American Arbitration Association (the “AAA”), excluding any rules or procedures governing or permitting class actions.
- c. Any failure on the part of any Participant to arbitrate a case subject to arbitration, or the commencement by any such Participant of a suit in any court prior to arbitrating a case subject to arbitration, violates the Rules of Aristotle Exchange and subjects such Participant to disciplinary proceedings pursuant to Rules 7 and 8.
- d. Aristotle Exchange may summarily suspend a Participant, without prior notice, who fails to satisfy an arbitration award rendered in any arbitration.
- e. **PENALTIES**
  - 1. Any failure on the part of a Member to arbitrate a dispute subject to this Chapter 9, or the commencement by any such Member of a suit in any court prior to arbitrating a case that is required to be arbitrated pursuant to this Chapter 9, violates these Rules and shall subject such Member to disciplinary proceedings pursuant to Chapter 8.
  - 2. The Chief Compliance Officer, in consultation with the Regulatory Oversight Committee, may summarily suspend, pursuant to Rule 7, a Member that fails to timely satisfy an arbitration award rendered in any arbitration pursuant to this Chapter 9.

## **10. Contract Specifications (Applies to DCM and DCO)**

- a. Each Contract will meet such specifications, and all trading in such Contract will be subject to such procedures and requirements, as set forth in the rules governing such Contract.
- b. The Aristotle Exchange will offer information contracts, a derivative contract whose payoff is based on a specified event, occurrence, or value such as the value of a macroeconomic indicator, corporate earnings, level of snowfall, or dollar value of damages caused by a hurricane. Excluded from the intended offering are those events identified as such in CFTC Regulation 40.11 which prohibits event contracts that reference terrorism, assassination, war, gaming, or an activity that is unlawful under any State or Federal law, or that involves, relates to, or references an activity that is similar to any of those activities and that the CFTC determines by rule or regulation to be contrary to the public interest. There is no expectation that any of the offerings will have regulatory status.

- c. The rules that govern the resolution of the contract are formulated to only allow for one outcome in each market.
- d. Aristotle DCO will only clear Aristotle DCM contracts. The contracts listed will be binary options exclusively, and these are considered swaps under Dodd Frank and as defined in 17 USC 1a(47)
- e. Eligibility for trading and clearing on the Aristotle Exchange will be determined in accordance with CFTC Regulation 39.12.
- f. The minimum unit of trading is one Contract provided that rules for specific Contracts may specify a minimum order size of more than one Contract.
- g. All Contract prices are quoted in U.S. Dollars and cents per Contract.
- h. The minimum quote increment for each Contract is \$0.01 per Contract.
- i. All Market Outcomes will be posted on The Exchange's website no later than 11:59 pm ET on the day that such Market Outcomes are determined. If a Contract expires at Midnight on any day, the Market Outcome will be determined on a subsequent day. If the review process is initiated under Rule 5, the final Market Outcome will be posted on The Exchange's website no later than 11:59 pm ET on the day that the Review process reaches a determination on the Contract's final Market Outcome.
- j. Halted Markets – In the event that any market irregularities are declared by the Chief Executive Officer or Chief Compliance Officer, or to prevent or reduce the potential risk of price distortions or market disruptions, a market may be paused or halted for trading, and the Commission will be notified, if required, pursuant to Commission Regulations. An explanation will be posted on the Notices to Participants section of the website within a reasonable amount of time but no later than 24 hours after the initiation of the halt.
- k. Discretion to Refrain from Listing Contracts –The Exchange may, in its discretion, temporarily refrain from the listing of any Contract due to the unavailability of the Underlying upon which the Contract is based, or any other condition The Exchange determines may be detrimental to the listing of the Contract.
- l. Contract Modifications – Specifications shall be fixed as of the first day of trading of a Contract, except as provided in Rule 5 of these Rules or as set forth in Rules specific to a Contract. If any U.S. governmental agency or body issues an order, ruling, directive or law that conflicts with the requirements of these Rules, such order, ruling, directive or law shall be construed to take precedence and become part of these Rules, and all open and new Contracts shall be subject to such government orders.
- m. Any change in instructions, order, ruling, directive, or law issued or enacted by any court or agency of the Federal Government of the United States that conflicts with the Rules contained in this Rulebook shall take precedence, immediately become a part of these Rules, and be effective for all currently traded and newly listed Contracts.

## **11. Regulatory Records Retention. (Applies to DCM and DCO)**

In accordance with CFTC Rule 1.31, the Aristotle Exchange shall maintain all Regulatory Records, including oral and paper records, of all activities relating to the business of the Company:

(a) Generally. All regulatory records shall be maintained in a form and manner that ensures the authenticity and reliability of such regulatory records.

(b) Duration of Retention. For a period of at least seven years (The Company's Data Governance Policy exceeds the five-year statutory period)

(c) Electronic Regulatory Records. The Company will establish and maintain appropriate systems and controls that ensure the authenticity and reliability of electronic regulatory records, including without limitation:

- (i) a system that maintains the security, signature and data as necessary to ensure the authenticity of the information contained in electronic regulatory records and to monitor compliance with the Act and Commission regulation in this chapter;
- (ii) a system that ensures the Company is able to produce electronic regulatory records in accordance with CFTC Rule 1.31 and ensure the availability of such regulatory records in the event of an emergency or other disruption of the records entity's electronic record retention systems;
- (iii) an up to date inventory that identifies and describes each system that maintains information necessary for accessing or producing electronic regulatory records.

(e) Inspection and production of Regulatory Records.

The Company will have a system in place to produce or make accessible for inspection all Regulatory records in accordance with the following requirements.

- (i) Inspection. All regulatory records shall be open to inspection by a representative of the CFTC or the USDOJ.
- (ii) Production of paper Regulatory Records. The Company's Recordkeeping and record Retention Policy prohibits the use of paper records. If, despite this prohibition, Company employees maintain paper records, the Company will produce Regulatory Records exclusively created and maintained on paper promptly upon request of a CFTC representative.
- (iii) Production of electronic regulatory records. Upon request by the CFTC the Company will produce Electronic Regulatory Records in the form and medium requested promptly, upon request.