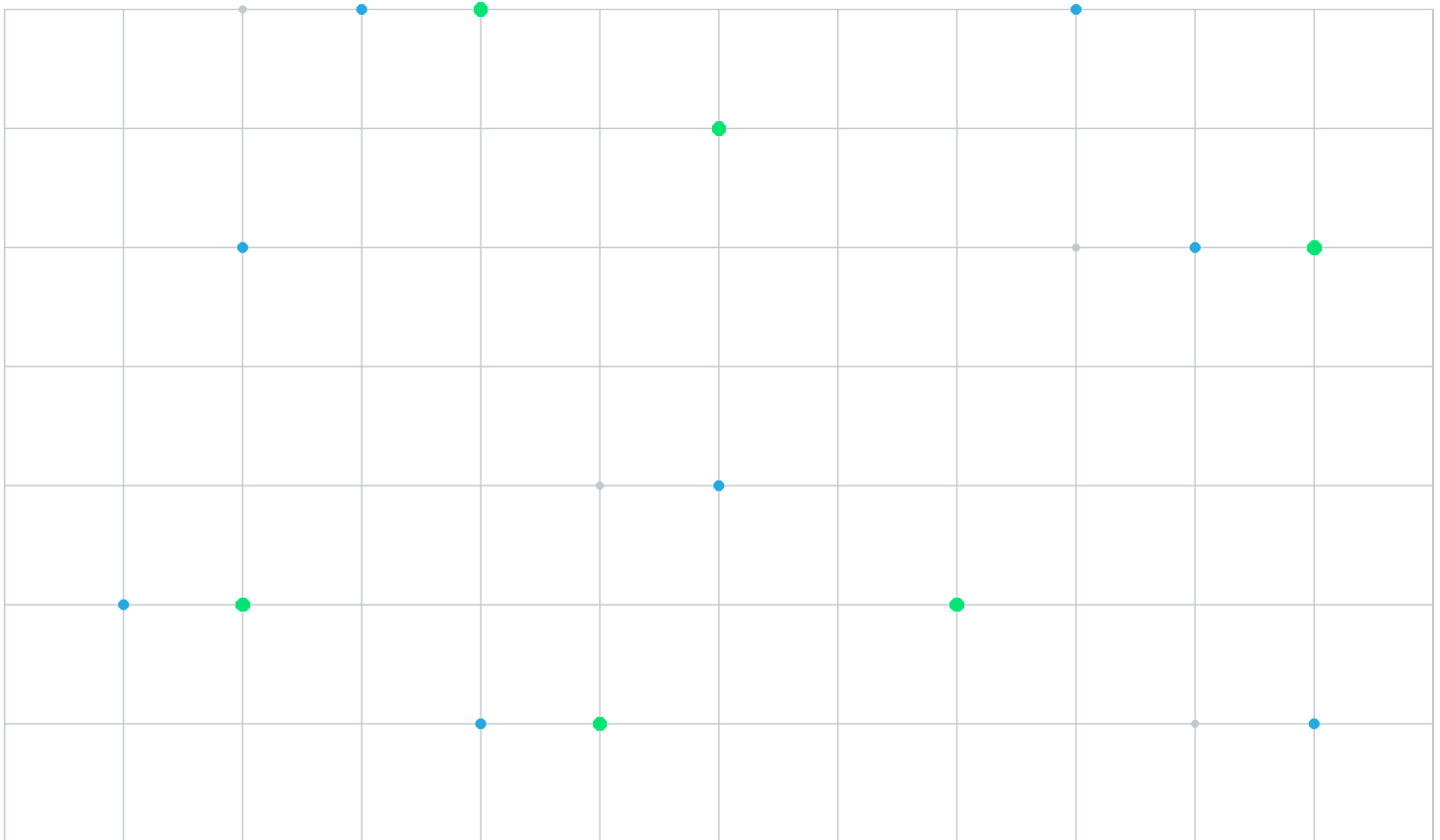# EBS Dealing Rules – Appendix
EBS Market

1. Introduction

Capitalised terms in this Appendix have the same meaning as in the Dealing Rules, unless otherwise specified. In addition, these terms have the following corresponding meanings:

AFSO	Aggress Full Size Only, which is an Order type that has the meaning given to it in Rule 2.6.8.
Automatch	An Automatch may occur when a Dealable Bid is submitted which is greater than or equal to a Dealable Offer or a Dealable Offer is submitted which is less than or equal to a Dealable Bid when the Participants that submitted the Bid and Offer have mutual credit.
EBS Best Price	The best Bid and Offer on EBS Market for a specific currency pair at any one point in time (regardless of bilateral credit).
EBS Market Participant Eligibility Criteria	The document so named setting out the eligibility criteria that Participants are required to comply with in order to trade on EBS Market.
Fixing Order	An Order made by a Participant through the eFix Matching functionality (provided for in Rule 2.6.7), the price of which is determined by the Fixing Price.
Fixing Price	The price of a Fixing Order, determined by an automated set market mid-price from the Operator or a third party market data feed. The Fixing Price will be distributed as soon as practicable after the Fixing Time
Fixing Time	The time that the relevant fix or benchmark underlying a Fixing Order is set for (for the avoidance of doubt, this is the exact time referred to in the fix/benchmark (e.g. 4pm) as opposed to the calculation window over which the Fixing Price is determined (e.g. 3:57:30pm-4:02:30pm)).
GTC	A Good Till Cancelled Order.
Hit	Has the meaning given to it in Rule 2.5.5.
Latency Floor	Has the meaning given to it in Rule 2.8.2.a).
Local Quotes	Quotes from the same matching engine that the Taker resides in.
Loop Order	Has the meaning given to it in Rule 2.6.4.
Maker	A Counterparty who places a Bid or Offer which is executed through EBS Market, or, if a Transaction is effected by Automatch, the Participant(s) who placed the passive Bid or Offer in relation to which a Transaction was effected.
Market View Information	Has the meaning given to it in Rule 2.11.5.
MidPD	Has the meaning given to it in Rule 2.6.5.
Minimum Quote Life or MQL	The time, as determined by the Operator, that a Quote is held at the EBS Ai Server before it can be interrupted by a Participant.

Order Book	The facilities made available by the Operator for the submission of Orders and the effecting of Deals and Transactions on EBS Market.
Pip Discretion Order	Has the meaning given to it in Rule 2.6.1.
Price Discretion Order or PD	Has the meaning given to it in Rule 2.6.2.
Price History Report	Has the meaning given to it in Rule 2.10.2.
Quote	Has the meaning given to it in Rule 2.5.1.
Remote Quotes	Quotes that are submitted from matching engines different from the one the Taker is connected to.
Residual Auction	Part of the eFix Matching functionality to allow unmatched Fixing Order volume to be Matched through Risk Passing Fixing Orders and Risk Assumption Fixing Orders, as detailed in Rule 2.6.7.d).
Residual Auction	Has the meaning given to it in Rule 2.6.7.d).
Review Rate	Has the meaning given to it in Rule 2.10.9.
Risk Assumption Fixing Orders	Fixing Orders that assume risk, as described in Rule 2.6.7.d)ii.
Risk Passing Fixing Orders	Fixing Orders that pass risk, as described in Rule 2.6.7.d)i.
Scaling Factor	Has the meaning given to it in Rule 2.13.1.b).
Schedule	The schedule to this Appendix.
Taker	Means, in relation to any Transaction on EBS Market, either: (1) the Participant(s) to a Transaction who accepted the Bid or Offer made by a Counterparty, whether as a buyer or seller; or (2) if a Transaction is effected by Automatch, the Participant(s) who placed the aggressive Bid which immediately/directly led to a Matching of the Participant's requirements.
Volatility Factor	Has the meaning given to it in Rule 2.13.1.a).
Work the Balance	Means that in the event that none or only some of an Order is filled, the balance is submitted into the Order Book as a Quote.
XPIP	Is a maximum and minimum Order price band for individual Products and is a pre-trade system control that prevents Participants from submitting a Bid/Offer greater than a certain value (determined by the Operator) through the other side of the market (best Offer/Bid). The value is stated per pair and cannot be changed by the Participant (however, if the Participant using manual trading functionality attempts to trade through the value, they will be presented with a warning). This parameter is intended to systematically prevent a GTC Order being submitted that breaches the coded XPIP value.

All capitalised terms not otherwise defined in this Appendix shall have the meaning ascribed to them in the Customer Agreements. In this Appendix, words in the singular include the plural and vice versa and words in one gender include any other gender. A reference to persons in this Appendix shall include a reference to legal persons and natural persons as the context requires. Headings are for ease of reference only and do not form part of this Appendix. Reference to statutory or regulatory provisions or instruments shall include any amendment, modification or re-enactment or re-making thereof.

2.1.   Participants are permitted to trade on EBS Market directly in their own name or through a Prime Bank utilising the Prime Dealing Service.

2.2.   Eligibility Criteria

2.3.   Participants on EBS Market are required to comply with the EBS Market Participant Eligibility Criteria.

2.4.   Dealing on EBS Market

2.4.1. EBS Market is designed to facilitate the matching of Orders on an Order Book. A Match creates a Transaction that can result in a Deal or multiple Deals. Participants are legally bound by any Transaction.

2.4.2. Each Deal consists of a Maker and Taker. Deals may consist of two unique Counterparties or may comprise different Trader IDs of the same Counterparty when intrafloor dealing is enabled. Intrafloor dealing is enabled as default on EBS Market. A Match between the same Trader IDs is not permitted.

2.5. Orders

The Operator supports the following Order types for all Participants accessing EBS Market via a GUI.

2.5.1. Quotes can be Bids or Offers. Quotes are a means for an Authorised Employee to express a limit price (or better) at which he is willing to transact. Quotes are limit Orders that reside in the Order Book and may be subject to a Minimum Quote Life. Quotes that do not immediately result in a Match are considered passive and enter the Order Book. Quotes that immediately result in a Match do not enter the Order Book.

2.5.2. There are three matching engines for EBS Market which are located in London, New York and Tokyo. Once a Quote enters the Order Book at the local matching engine, except those Quotes that result in an immediate Match, EBS Market distributes that Quote or the remaining unmatched balance of the Quote to the other two matching engines.

2.5.3. Quotes can Match:

a) immediately:
   i. with other Quotes as an Automatch Taker; or
   ii. with a Pip Discretion Order as a Maker; or

b) subsequently:
   i. with other aggressive Quotes as a Maker;
   ii. with Hits as a Maker;
   iii. with a Pip Discretion Order as a Maker; or
   iv. with a Pip Discretion Order as a Taker.

2.5.4. Quotes that do not result in a Match will remain active in the Order Book until:

a) interrupted in accordance with Rule 2.7;
b) interrupted due to loss of connectivity, Ai, or GUI heartbeat disconnect;
c) interrupted due to the end of the weekly trading session;
d) interrupted due to the end of the trading session for instruments that have a designated open/close;
e) an auto interrupt is triggered;
f) a time to live is specified and expires;
g) a successive managed Order replaces a prior Order;
h) removed by the Operator in accordance with Rule 2.14.2;
i) cancelled or amended in accordance with the relevant provisions of the EBS Dealing Rules – General Terms; or
j) Matched in full.

2.5.5. Hits on EBS Market can be buy or sell instructions. Hits can be defined as 'IOC' (Immediate or Cancel) Orders that do not reside in the Order Book. A 'Hit' will be Matched if the Order Book contains an opposite active Order at an equal or better price at time of the Match. A Hit will Match immediately or will be cancelled if the target liquidity is missed or no longer available. If Work the Balance is set to "partial", then a Quote for the unmatched balance will be initiated only when some portion of the Hit has been satisfied. If Work the Balance is set to "always", then a Quote for the unmatched balance will be initiated regardless of whether the Hit was partially filled or totally missed.

2.5.6. Hits can Match immediately:

a) with passive Quotes as a Taker; or
b) with a Pip Discretion Order as a Taker.

2.5.7. The unmatched balance of Hits which have enabled 'Work the Balance' and subsequently Match will Match as a Quote in accordance with Rule 2.8.

2.6. Advanced Order Types

2.6.1. Pip Discretion is a compound Order and can only be applied to a Quote. For each Quote an Authorised Employee may define a Dealable range up to/down from the shown limit price that is displayed in the Order Book. The full Quote amount is visible in the Order Book at the limit price but the Pip Discretion range defined by the Authorised Employee is not visible.

2.6.2. Price Discretion (PD) is a compound Order and can only be applied to a Quote. PD offers the ability via EBS Ai for an Authorised Employee to attach a hidden aggress price range to an active Quote. There is an EBS Market defined maximum discretionary price range per currency pair which is contained in the EBS Guide to Currency Pair Parameters.

2.6.3. Quotes with PD can Match:

a) Immediately:
    i. with Quotes as an Automatch Taker; or
    ii. with an existing Pip Discretion Order as a Maker; or

b) subsequently:
    i. with Quotes as a Maker;
    ii. with Hits as a Maker;
    iii. with a Pip Discretion Order as a Maker; or
    iv. with a Pip Discretion Order as a Taker.

2.6.4. Loop Orders can be either a Bid loop and/or Offer loop. In the case of a Bid loop, if 'given', an Offer will be automatically activated. In the case of an Offer loop, if 'paid', a Bid will be automatically activated. The loop sequence and number of loops is determined by the Authorised Employee. A Loop Order may be designated as partial or full. The partial or full designation will determine whether the take profit leg is triggered upon any or all of the amount having been dealt.

2.6.5. MidPD – For each Bid/Offer an Authorised Employee may define a Dealable range up to/down from the shown limit price that is displayed in the Order Book that is equal to half the tick increment of the pair. The full Quote amount is visible in the Order Book at the limit price but the MidPD range defined by the Authorised Employee is not visible. If two opposing Quotes are trading at their lowest granularity and both Participants have enabled MidPD, then a Match would occur at half the standard tick size of the pair. The Match would not be published in

market data.

2.6.6. Iceberg Orders allow Participants to minimise the market impact of their Orders by only displaying a portion of their overall Order. The hidden size remains in the Order Book and is subject to being dealt.

a) Iceberg Orders consist of a shown amount and hidden amount, for which the minimum required and maximum permitted values differ by currency pair. These may be found in the EBS Guide to Currency Pair Parameters.

b) The Matching of Iceberg Orders is as per Rule 2.8.2. An Authorised Employee may apply Size and/or Time Randomization algorithms (defined below) to each Order. Randomization algorithms may be turned on or off by Order.

    i. Size Randomization is an EBS Market algorithm that minimises the market impact of an Iceberg Order. The shown amount will be replenished for a random size ranging from the minimum required shown amount for the pair, up to the original shown amount of the Order.

    ii. Time Randomization is an EBS Market algorithm that minimises the visibility of Order replenishment, with a configurable upper limit value from 1 second to 9 seconds. Following the full satisfaction of the shown amount of an Iceberg Order, replenishment will occur after a randomized time interval expires (100 millisecond increments).

c) The hidden amount of an Iceberg Order is in the Order Book and available for Matching at all times, and the market cannot trade through the Order level until the total Order amount is fully satisfied.

d) If no other inventory is available at the price level, the Time Randomization algorithm is superseded and replenishment will occur immediately.

2.6.7. eFix Matching is a form of trading which allows Participants to submit Fixing Orders, which may only match with other Fixing Orders.

a) eFix Matching is available to all Participants; however, Prime Customers are permitted only at the discretion of the Operator.

b) Fixing Orders Match on time priority. They can Match immediately to any opposite interest (including a partial Match); however, the Fixing Price and Counterparty will not be known until the Fixing Price is determined and distributed.

c) Fixing Orders are subject to time restrictions, as follows:

i. Participants can only load Fixing Orders for the current trading day.

ii. Shortly before the Fixing Time (ordinarily three minutes, but this may vary according to the relevant type of Fixing Order): (A) input of new Fixing Orders is suspended; (B) Participants whose Fixing Orders are not Matched have their Fixing Orders cancelled; and (C) the balance of any unmatched volume in their Fixing Orders that have partially matched will also be cancelled.

d) The 'Residual Auction' function operates as follows:

i. When inputting a Fixing Order, the Authorised User has the option of passing risk by selecting a price range above or below the Fixing Price (depending on whether the Fixing Order is a buy (above the Fixing Price) or a sell (below the Fixing Price) Fixing Order) (a "Risk Passing Fixing Order"), to allow the Dealing Service to Match the balance of any residual volume in that Fixing Order not yet Matched against: (A) other Fixing Orders, at any time that an opposite interest is put into eFix Matching; or (B) Risk Assumption Fixing Orders (defined below) on

price-time priority at (ordinarily) between five minutes and three minutes before the Fixing Time.

ii. Participants can also input Fixing Orders to assume risk that include a price range above or below the Fixing Price (depending on whether the Fixing Order is a buy (below the Fixing Price) or a sell (above the Fixing Price) Fixing Order) ("Risk Assumption Fixing Orders"). Risk Assumption Fixing Orders do not immediately Match with opposite interest Fixing Orders – they are held until the final two minutes of Matching, at which point they are released and can Match with Risk Passing Fixing Orders (on price-time priority).

iii. Risk Assumption Fixing Orders are subject to maximum and minimum amounts (set by the Operator per currency pair and Trading Floor code). Participants may submit Risk Assumption Fixing Orders for the maximum amount at each price increment. The maximum and minimum values are multiplied by four for trading on the final trading day of each month.

iv. If for technical or other reasons the Fixing Price is not automatically published and applied to the eFix Matching Transactions by the time expected by the Operator, it will ordinarily be entered manually by the Operator. If there is no Fixing Price published at all, the relevant Fixing Orders will be cancelled.

v. For days where the Fixing Price is not going to be published, the Operator will block access to those Fixing Orders ahead of time.

2.6.8. Aggress Full Size Only (AFSO) is an Order type designed to provide a deterministic way to execute larger ticket sizes.

a) AFSO checks that the Order Book contains the full amount before executing the aggressive Order. AFSO Orders allow Participants to aggress on EBS Market and target a full-size amount. If the full amount is available, it will initiate the matching process; however, if the full amount is not available, subject to Rule 2.6.8(b), the Order will be rejected.

b) In certain limited circumstances, due to credit issues or remote Orders being no longer available, there may be cases where an Order is not fully filled and the Order will be partially filled.

2.7. Interrupt Rules

2.7.1. A request to interrupt a Quote can be submitted at any time during the lifetime of the Quote, subject to Minimum Quote Life limitations. Upon receipt of the interrupt at the matching engine, no additional Matches will be initiated against the outstanding balance of the Quote. Matches which have been initiated by EBS Market prior to the receipt of the interrupt message cannot be interrupted.

2.7.2. EBS Customer Support may cancel a Participant's Quote.

2.8. EBS Market – The Matching Process

2.8.1. Each Participant must establish a relationship with its Counterparties, satisfy itself of the creditworthiness of its Counterparties and extend credit to them as it sees fit. For a Match to be made in EBS Market between two Participants, mutual credit must exist between those Participants. If credit has not been established with or given by another Participant, or when credit given by or to another Participant is exhausted, the prices submitted by each Participant will not be Dealable prices for the other.

2.8.2. Once an Order is submitted, EBS Market will immediately attempt to Match the instruction with a Bid/Offer of better or equal price. Each Match attempt is prioritised in shown price, time priority order, subject to Latency Floor (described below). Local Quotes that do not Match immediately are inserted into the Order Book ahead of Remote Quotes at the same price.

a) "Latency Floor" is an augmentation to the EBS Market Matching process aimed at ensuring that speed as a stand-

alone strategy is not a pre-requisite for success on EBS Market. Latency floor is run independently per matching engine and can run independently per tradeable instrument. A latency floor batch is run with a randomised duration chosen within a fixed lower and upper bound. Order cancellation messages are queued on a first in, first out basis. All other messages are queued by Participant on a first in, first out basis. At the end of the batch, all cancellation messages in the batch are released in order to the matching process. Following this, the first message per Participant is released to the matching process, following by the second message per institution in a round robin process. The order of Participants within a batch is randomised on a per batch basis. By adding a randomised message batching window ahead of Orders being processed by the matching engine, the Operator is able to prevent low single digit millisecond differences in hardware and communication path, amongst other things, from being a meaningful advantage between Participants.

2.8.3.   Once Hits and Quotes have been Matched, any successful Deal will depend on the available Credit Limits remaining for each Trading Floor. If there is insufficient mutual credit to complete the Deal for the full size of the Deal, the size of the Deal will be reduced to the amount of mutual credit available. In order for a Deal to complete, the size of the Deal must not be greater than the amount of available credit given by the Counterparty who has the lower amount of credit available for the other.

2.8.4.   When a Match or multiple Matches occur EBS Market initiates processing to complete each Deal. This Deal processing, which is unique to EBS Market's distributed matching logic, includes the following validations:

         a) verification at the Maker's local matching engine that the Maker's Order is still available; and
         b) verification that sufficient credit exists between the two Counterparties.

2.8.5.   If a Match does not result in a Deal in the case of Quotes, EBS Market will reactivate the Taker Order into the EBS Market Order Book, with order priority maintained. In the case of Hits, EBS Market will attempt to re-Match with existing Quotes of better or equal price.

2.8.6.   Once a Match takes place, credit is reduced for each Counterparty with the other for the size of the Deal. If there is no successful Deal, then the credit of the two Parties is unaffected.

2.8.7.   The Participant may reduce the amount of outbound credit consumed by Deals involving Continuous Linked Settlement ("CLS") eligible currencies. Using the CLS Credit Exposure Percentage a Participant can assign a percentage anywhere between 0-100 thus enabling a reduction of credit line consumption by a given amount. It is the sole responsibility of the Participant to set and monitor this percentage.

2.9.   Deal Status

2.9.1.   A Deal is done when the Deal confirmation is processed on the Taker side. If for any reason EBS Market fails to process all Deal messages or fails to process all Deal messages in a timely fashion as defined by EBS Market that Deal shall be determined as being in an unverified state. In such cases EBS Customer Support will contact all Counterparties to the trade and notify them of the status of the trade – "Done" or "Not Done".

2.9.2.   Where a Deal is in doubt or unverified due to EBS Market disruption, the Participant must contact EBS Customer Support as the first point of contact for all questions related to issues of Deal status. The Operator is responsible for determining whether such a Deal was completed or not, in accordance with Rule 2.9.1. The determination of the EBS Customer Support team is final and will supersede any previous or subsequent system status.

2.10.   Error Trades

In accordance with Rule 8 of the EBS Dealing Rules – General Terms, Participants that consider a Transaction to be an Error Trade must contact EBS Customer Support as soon as possible and, in any event, within 8 minutes of the Transaction. EBS Customer Support will then use reasonable endeavours to put the Counterparties in contact with each other, using the contact information made available to EBS Customer Support by the Counterparties.

Provision of Review Rate

2.10.1.   In accordance with the EBS Dealing Rules – General Terms, Participants are bound by any Transactions effected

through EBS Market. The Operator cannot facilitate cancellation of Transactions on the EBS Dealing Service. However, the Operator may provide a Review Rate upon a Participant's request to assist Participants to bilaterally agree to amend a Transaction, in accordance with the terms below.

2.10.2.   If the Participant requests actual Deal information related to a Deal query, EBS Customer Support will gather relevant Deal information from the Participant and where possible, use reasonable endeavours to supply the Participant with additional EBS market data (the "**Price History Report**").

2.10.3.   The information contained in the Price History Report is indicative of the whole of the EBS Market FX market in the specified instrument. The Price History Report does not include all Deals or all top of book price changes. Highest paid and lowest given dealt prices within the report timeslice will be included, as will top of book price changes per timeslice.

Review of a Transaction's Size

2.10.4.   In the event of a trade dispute with regards to the size of a Transaction, Participants shall bilaterally agree a course of action. The Operator will not review the size of any Transaction on EBS Market.

Review of a Transaction's Price

2.10.5.   The Operator shall initiate the review of a Transaction's price on request from a Participant. A Participant's request for review must either be made in writing to gcc@cmegroup.com or by calling EBS Customer Support, in each case within 8 minutes of the execution of such Transaction. Telephone requests must be followed up by email within 15 minutes of the telephone call. Any other form of communication with the Operator will not constitute a request as set forth in this Rule.

2.10.6.   The Operator may determine, in its absolute discretion, that a Transaction shall not be subject to a review of its price:
a)   where a review request is not made in compliance with Rule 2.10.5;
b)   during volatile market conditions;
c)   upon the release of significant news; or
d)   any other circumstances in which the Operator deems to be appropriate.

Review Parameters

2.10.7.   Upon a request in accordance with Rule 2.10.5, the Operator shall review EBS market data and produce a Review Rate in accordance with Rule 2.10.9.

2.10.8.   If there is insufficient EBS market data, the Operator will inform the Counterparties accordingly and the Operator will not provide a Review Rate.

2.10.9.   The **Review Rate** shall be calculated based on a mid rate determined by reference to EBS market data, +/-110% of the XPIP value for the relevant Product (depending on whether the Transaction was above or below the mid rate).

Example:

EUR-USD mid rate from EBS market data is 1.13845
X-PIPS is 30 pips

Review Rate   = 1.13845 +/- (0.03 * 1.1)
              = 1.13845 +/- 0.033
              = 1.13515 (where the Participant requesting the review of the Transaction had sold EUR and bought USD) or 1.14145 (where the Participant requesting the review of the Transaction had bought EUR and sold USD).

2.10.10. Should a Participant be frequently a Counterparty to reviewed Transactions, their conduct may be reviewed. If the Operator determines that their conduct constitutes disruptive trading, it may take action it considers appropriate under the EBS Dealing Rules – General Terms, including Rules 13.3, 13.4, 14.1.1 and 14.1.6.

2.11. Additional Rules for Ai Trading

2.10.11. EBS Ai is an alternative means of accessing EBS Market. EBS Ai is a message-based interface that supports a two-way message exchange between EBS Market and the Participant's application.

2.11.1. Order Throughput and Outstanding Active Orders

a) The EBS Ai Server limits the number of Orders that can be submitted within a rolling time window (throughput limit) defined by the Operator and the maximum number of Orders which can remain outstanding in EBS Market at a given time. Once the throughput limit is reached for a given time window, additional Orders are rejected until at least one Order is dealt or cancelled, or until the time window has passed. Limits are subject to change and may vary depending on the instruments traded through EBS Market and will be communicated to all Participants prior to the commencement of trading.

2.11.2. Validations

a) Price validation is an EBS Ai configurable item and will depend upon the values of the EBS Ai parameters such as PriceCheck, WideDifferenceCheck and LargeDifferenceCheck. Orders are screened to ensure that they are not inverted or quoted outside of the acceptable range for the Product. Orders with off-market prices are rejected by the EBS Ai Server. "Off-market" Transactions are defined according to parameters which are set out in the EBS Ai Developers Guide.

2.11.3. Maximum Trade Size

a) There is a limit on the size of a single Order that can be accepted at the EBS Ai Server. Orders exceeding that limit are rejected by the EBS Ai Server. The limit is set out in the EBS Ai Developers Guide. The Operator will notify Participants who are using EBS Ai as and when limits are changed.

2.11.4. Link Integrity/Certification

a) The EBS Ai Server requires that the EBS Ai Client Application follows the published protocol closely (as set out in the EBS Ai Developers Guide). Any protocol errors are interpreted as Participant system failures. Any failure of the EBS Ai Client Application (including a protocol error) will cause the EBS Ai Server immediately to interrupt all active Quotes and reset the connection with the EBS Ai Client Application in order to protect the Participant. A failure by the EBS Ai Client Application to maintain heartbeats will also cause the EBS Ai Server to immediately interrupt all active Quotes and reset the connection with the EBS Ai Client Application.

b) All Participants using the EBS Ai service are required to connect to the EBS Customer Lab and pass the relevant conformance and certification tests as defined by the Operator prior to connecting to the live production environment.

2.11.5. Market View Information

a) EBS Ai provides a feed of market data known as "Market View Information". The Market View Information is available as a credit-screened update and is published to each Participant Access Code at intervals determined by the Operator. EBS Ai Market View Information in excess of 24 hours may only be stored if authorised by the Operator.

b) In the case of the Prime Dealing Service whereby a Participant may be utilising multiple Prime Banks, only one Market View Information feed may be enabled.

2.12. Credit and Settlement

2.12.1.   It is the responsibility of the Administrator (or Prime Bank in the case of the Prime Dealing Service) to maintain Credit Limits with each Counterparty with whom the Participant wishes to Deal. It is also the responsibility of the Administrator to enter settlement instructions in respect of each currency pair the Participant wishes to transact.

2.12.2.   In the case of the Prime Dealing Service the Administrator must also maintain Credit Limits between the Prime Bank and the Prime Customer. An Authorised Employee on a Trading Floor can Deal with a Counterparty if there is sufficient mutual credit to Deal in the Minimum Deal Size in any Product.

2.12.3.   Where new Participants are granted access to EBS Market, it is for the Administrator to review the status of these prospective Counterparties for credit purposes and for the Participant (in the case of the Prime Dealing Service, the Prime Bank) to consider allocating Credit Limits to each such Counterparty or group of Counterparties. It is also the responsibility of the Administrator to review the credit status of existing Counterparties.

2.12.4.   In accordance with the Customer Agreement, each Participant must use reasonable endeavours to maintain Credit Limits with other Participants of EBS Market. The Operator may, at its discretion, suspend access to EBS Market where it determines that minimum mutual Counterparty credit access is not sufficient. In the case of the Prime Dealing Service, in accordance with the Prime Bank Master Agreement, each Prime Bank must use reasonable endeavours to maintain Credit Limits with Participants of EBS Market.

2.12.5.   EBS Market provides warning messages indicating when the credit used for a Counterparty or group of Counterparties has reached a certain percentage of the Credit Limit for that Counterparty or group of Counterparties. This percentage is set by the Administrator. EBS Market will provide a message when the Credit Limit allocated to a Counterparty or group of Counterparties has been exhausted or is insufficient to allow a Deal to take place for the Minimum Deal Size.

2.13. Risk Management

2.13.1.   In addition to the ability to manage risk through the operation of pre-screened credit, a Participant trading NDFs will be able to manage risk in two further ways:

a) Volatility Factor – the Administrator may assign a percentage for every NDF currency pair or tenor. EBS Market default will be 100%.

b) Scaling Factor – an Administrator may assign a scaling factor (a rational number greater than zero), for each currency pair or tenor. Alternatively, an Administrator may choose to utilise the square root of time to maturity (in days) for all currency pairs or tenor. The default Scaling Factor will be set to 1.0.

2.13.2.   Regardless of whether the Participant chooses to use the Volatility Factor or the Scaling Factor, EBS Market provides warning messages indicating when the credit used for a Counterparty has reached a certain percentage of the Credit Limit for that Counterparty in accordance with Rule 2.12.5.

2.14. Participant Support Obligations

2.14.1.   If an Authorised Employee suspects a problem with EBS Market which it considers may affect its use of EBS Market, that Authorised Employee must immediately:

a) remove all of its Quotes from EBS Market; and
b) contact EBS Customer Support.

2.14.2. The Operator may require, at its sole discretion that:

a) all Quotes submitted by that Trading Floor be removed;
b) all Authorised Employees of that Trading Floor stop using EBS Market; and / or

c) the Participant provides information in connection with the issue to EBS Customer Support.

2.15. Trading Policies and Guidelines

2.15.1.   The Schedule, which forms part of the Dealing Rules and which will be updated from time to time, specifies in more detail, Rules relating to:

a) capacity and access of EBS Market; and
b) trading rules on EBS Market.

Schedule EBS Market Trading Policies and Guidelines

This Schedule applies to all Participants' use of EBS Market.

1. Capacity/Access

1.1. EBS Ai Servers

1.1.1. Each EBS Ai Server allows a maximum of three trading sessions. There are no restrictions on the number of servers/sessions a Participant can purchase.

1.2. Order Capacity

1.2.1. The Operator throttles the maximum number of Order submissions in a rolling 5 second window and restricts the number of Orders outstanding across each individual session. The Operator throttles the maximum order submission size.

1.2.2. Default settings

a) 10 Order submits per rolling 5 seconds / 20 outstanding Orders
b) Maximum Order submission size = 5m base currency

1.2.3. Order capacity may be increased for firms:

a) exceeding the minimum fill ratio targets; and
b) not appearing on the disruptive behaviour watch list (see Section 3)

A fee can be charged to the Participant for additional capacity

1.3. Cancel and Replace

1.3.1. An Order can be amended by reducing size or changing the rate. For the purpose of throughput calculations single amendments account for a 50% reduction in the throughput overhead:

a) Reduce size = 0.5 quote overhead
b) Change rate = 0.5 quote overhead
c) Reduce size & change rate = 1 quote overhead
d) Increase size & change rate = 1 quote overhead

Amended Orders do not influence the fill ratio calculations; an amended Order is equal to a new Quote.

1.4. EBS Market Data

1.4.1. EBS Live

a) Each Participant is eligible to consume two EBS Live connections per side per region (choosing L1 and/or L2). Additional connections will be provided for legitimate operational reasons. There will be no distribution advantage.

1.4.2. EBS Ai Market View

a) Each Participant is eligible to consume one Market View per region, regardless of the number of Prime Banks.

2. Trading Rules

2.1. MQL – Minimum Quote Lifespan

2.1.1. The Operator systemically enforces an MQL on selected currency pairs. The MQL applies to all Quotes submitted via the EBS Ai interface.

2.1.2. Where applicable the MQL for other currency pairs can be found in the EBS Guide to Currency Pair Parameters.

2.1.3. The introduction or recalibration of an MQL in a currency pair shall be communicated by the Operator with not less than 24 hours' notice.

2.2. Quote Fill Ratio

2.2.1. The Operator monitors and enforces a quote fill ratio, as set out in the EBS Quote Fill Ratio Policy.

2.3. Self Match / Painting the Tape

2.3.1. Self matching, if considered disruptive by the Operator, is prohibited and may be systemically prevented.

2.3.2. "Painting the tape" is prohibited trading activity whereby apparently unrelated parties collude to buy and sell a particular currency pair among themselves to create artificial trading activity at one or more price levels.

2.4. Out of Region Quoting

The Operator has observed disruptive quoting patterns originating from Americas/EMEA during core Asia trading hours 2300 – 0600 (GMT). Accordingly, the Operator has introduced Distributed Quote Interrupt ("DQI") to hold Quote Interrupt messages until one or more of the other two regional matching engines confirm that there is no Deal pending for that Quote. A new Quote Fill Ratio target will be communicated to selected Participants who are deemed to be disruptive during these hours. The Operator's expectation is that where a Participant has a regional presence in Asia, Quote Submits should originate from that location. Should they wish to continue to Quote from NYC / London during these hours there will be minimum expectation to Deal. This Quote Fill Ratio will be enforced at a Deal code level during this time period for all non-Asia based codes quoting during Asia trading hours.

Enforcement/penalties for non-compliance:

a) Formal written notification of contravention of these Dealing Rules

b) The Operator reserves the right to restrict throughput capacity

c) Ability to aggress via Quote Submit only (i.e. disabling of the Hit Submit order type)

d) Suspension from EBS Market