

Rulebook

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The registered address for the LMAX Exchange Group is Yellow Building, 1A Nicholas Road, London, W11 4AN

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1. Definitions

In this Rulebook, the following definitions apply:

Account means an account linked to a Member or a DMA Client in the name of (i) the Member itself, (ii) a DMA Client or (iii) a Client of the Member or DMA Client or in the name of a branch, fund, sub-fund, managed account or portfolio of any of them.

Affiliate means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

Aggressive Order is an Order submitted to LMAX Digital which, in LMAX's opinion, will consume another Order that already exists on the order book.

Applicable Laws means any applicable statute, law, ordinance, regulation, rule, code, guidance, order, published practice or concession, judgment, requirement or decision of a Governmental Authority and includes any rule or principle of common law or equity and all applicable accounting standards and principles.

Authorised Person means any person authorised to use and access LMAX Digital and the Information on behalf of a Member and/or its DMA Clients.

Business Day means any day other than a Saturday, Sunday or public holiday in the United Kingdom.

Client is a person who is a Professional Client and to whom the Member provides financial and/or other investment services.

Compliance and Regulatory Committee means an ad hoc committee to whom certain matters may be referred by LMAX under these Rules.

Confidential Information means any information of whatever nature (whether commercial, financial, technical or otherwise) relating to any Member or LMAX or their respective sub-contractors, Clients, clients or suppliers, including all non-public information or data relating to Clients and suppliers of any of them disclosed to or otherwise obtained by the recipient party under the LMAX Documents or in connection with LMAX Digital and while a Member is a Member or otherwise and which is designated as being confidential or is by its nature clearly confidential.

Contract means a contract referencing a Digital/Fiat Currency Pair for the exchange of the relevant Digital Currency for the relevant Fiat Currency within one day of the trade date or a contract referencing a Digital/Digital Currency Pair for the exchange of the relevant Digital Currencies within one day of the trade date.

Contract Eligibility Criteria means such criteria for listing Contracts to be traded on LMAX Digital published on LMAX's website from time to time.

Counterparty means a counterparty to a Transaction.

Data Protection Legislation means the General Data Protection Regulation and any related legislation or regulatory guidance.

Digital Currency means any cryptocurrency such as Bitcoin, Bitcoin Cash, Ether, Litecoin and Ripple.

Digital/Digital Currency Pairs means the Digital/Digital Currency pairs listed by LMAX on its website from time to time for trading on LMAX Digital.

Digital/Fiat Currency Pairs means the Digital/Fiat Currency pairs listed by LMAX on its website from time to time for trading on LMAX Digital.

Direct Market Access or DMA means an arrangement through which a Member permits specified Clients to transmit Orders in the Member's name electronically to LMAX Digital.

Disclosing Party means LMAX or any Member that transfers Relevant Personal Data to a Recipient Party in connection with the provision and/or receipt of LMAX Digital Services.

DMA Client means any Client of a Member accessing LMAX Digital via Direct Market Access and who has entered into a User Agreement with LMAX.

Fees and/or Charges means all the fees, charges and all other sums payable by a Member in respect of LMAX Digital and Information as in LMAX's schedule of fees as posted on LMAX's website at www.lmaxdigital.com.

Fiat Currency means any currency issued by a national government, such as US Dollars, euros or British pound sterling.

Force Majeure Event means, in relation to either LMAX or a Member (each a party), any event or circumstances beyond the reasonable control of that party including:

- (a) any strike, lockout or other form of industrial action;
- (b) acts of God, accidents, fires, floods, storms, earthquakes, water damage, explosions;
- (c) substantial failure of equipment, machinery or communication links to the extent that such failure is not reasonably preventable by the party (but not including any failure of equipment, machinery or communication links to the extent such failure constitutes a failure to comply with Applicable Laws, including the requirement to have in place appropriate disaster recovery sites); and
- (d) war, hostilities, terrorist acts, armed conflict, civil commotion, insurrection, riots, sabotage, epidemics and diseases.

For the avoidance of doubt, an event or circumstance that is within the reasonable control of a DMA Client shall be deemed to be within the reasonable control of the relevant Member.

Governmental Authority means any governmental or administrative authority, regulatory or self-regulatory body or judicial or arbitral body anywhere in the world with jurisdiction over the relevant affairs of LMAX or a Member, including any person which exercises a regulatory or supervisory function or otherwise with competent jurisdiction under the Applicable Laws of any jurisdiction.

Holding Company means, in relation to a person, any other person in respect of which it is a Subsidiary.

Information means any real time or non-real time information, provided by LMAX or its nominees, relating to LMAX Digital, including bids, offers, prices, executions and volumes of Transactions (excluding Member Information identifying the Member or its DMA Client) under the Information Licence.

Information Licence means the licence granted under the Member Agreement.

Insolvency Event means a person:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes, or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;
- (e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:
 - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
 - (ii) is not dismissed, discharged, stayed or restrained in each case within 10 days of the institution or presentation thereof;
- (f) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (g) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (h) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 10 days thereafter; or

- (i) causes or is subject to any event with respect to it which, under the Applicable Laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (h) above.

Liquidity Provider means a Tier 1 Liquidity Provider and a Tier 2 Liquidity Provider.

LMAX means LMAX Digital Exchange Limited

LMAX Digital means the all-to-all matching facilities hosted on servers in London made available to Members to enter into Transactions with one another.

LMAX Digital Rulebook or Rulebook means this rulebook.

LMAX Digital Services means the services provided for in this Rulebook which a Member is entitled to use by virtue of its membership.

LMAX Documents means this LMAX Digital Rulebook, the Member Agreement and all other terms and conditions, agreements, notices, requirements and other documentation which govern the relationship between LMAX and each of its Members.

Market Abuse means any of the behaviours described in Rule 23 (Market Abuse) in relation to any Contract.

Material Disruption means:

- (a) any disruption, breakdown, or malfunction of any technical system used in connection with LMAX Digital;
- (b) any suspected attempt to manipulate prices, or commit Market Abuse, in relation to any Contract traded on LMAX Digital;
- (c) any failure by a third party to supply services or perform obligations to LMAX that are required for the proper operation of LMAX Digital;
- (d) any emergency or extraordinary market conditions or circumstances; or
- (f) any Force Majeure Event.

Matching Member, in respect of an Order and a Member (A), means another Member (B) whose Order has been matched on LMAX Digital to A's Order.

Member means a person who has been admitted to trade on LMAX Digital in accordance with Rule 5 (Membership) and who is listed as a Member in relation to LMAX Digital on LMAX's website at www.lmaxdigital.com.

Member Agreement means an agreement between LMAX and a Member pursuant to which that person is admitted to trade on LMAX Digital and agrees to be bound by these Rules.

Member Information means all Order data, price, volume and other information regarding the Member's Transactions.

Membership Criteria means the criteria in Rule 5.1 (Membership Criteria).

Netting Transaction means one or more Transactions entered into by LMAX on behalf of two or more Members to net to the greatest extent possible the obligations of a Member who owes and is owed the same amount of Digital Currency and/or Fiat Currency in accordance with Rule 18 (Netting Transactions).

Net-off Position means the net long or short positions for each Member vis a vis each Counterparty per Fiat Currency and per Digital Currency at a time stipulated by LMAX for the purposes of Netting Transactions.

Net Open Position means the net open position for a Member calculated in accordance with Rule 16.2 (Calculation) and Rule 16.3 (Net Open Positions).

Orders means an order submitted to LMAX Digital to enter into a Transaction.

Outstanding Net Open Position has the meaning set out in Rule 16.3(b) (*Net Open Positions*).

Post-trade Conditions, in relation to Net Settlement, are the conditions set out in the Trade Agreement.

Pre-trade Conditions, in relation to a Transaction or a Netting Transaction, means:

- (a) the Settlement Limit for each Member party to the particular Transaction or Netting Transaction, would be neither exceeded nor further exceeded as a result of their entry into a Transaction with each other or LMAX effecting a Netting Transaction on their behalf;
- (b) neither of Members' membership has been terminated or suspended pursuant to these Rules;
- (c) the conditions set out in Rule 15.7 (Errors) for cancelling or re-pricing Transactions are not satisfied; and
- (d) the Digital/Fiat Currency Pairs or Digital/Digital Currency Pairs are permitted by each of the two Members.

Professional Client means any of the following:

- (a) an entity required to be authorised or regulated to operate in the financial markets;
- (b) a large undertaking meeting two of the following size requirements on a company basis:
 - (i) balance sheet total of \$25,000,000; or
 - (ii) net turnover of \$50,000,000;
 - (iii) own funds of \$2,500,000;

- (c) a partnership or unincorporated association which has (or has had at any time during the previous two years) net assets of at least £5 million (or its equivalent in any other currency at the relevant time) and calculated in the case of a limited partnership without deducting loans owing to any of the partners;
- (d) a trustee of a trust (other than an occupational pension scheme, SSAS, personal pension scheme or stakeholder pension scheme) which has (or has had at any time during the previous two years) assets of at least \$15 million (or its equivalent in any other currency at the relevant time) calculated by aggregating the value of the cash and designated investments forming part of the trust's assets, but before deducting its liabilities;
- (e) a trustee of an occupational pension scheme or SSAS, or a trustee or operator of a personal pension scheme or stakeholder pension scheme where the scheme has (or has had at any time during the previous two years):
 - (i) at least 50 members; and
 - (ii) assets under management of at least \$15 million (or its equivalent in any other currency at the relevant time);
- (f) another institutional investor;
- (g) an entity that LMAX determines is professional at its discretion.

Recipient Party means LMAX or any Member that receives Relevant Personal Data from a Disclosing Party in connection with the provision and/or receipt of LMAX Digital.

Relevant Personal Data means any personal data (as defined in the General Data Protection Regulation) that is transferred by the Disclosing Party to the Recipient Party in connection with the provision and/or receipt of LMAX Digital Services.

Representative means, in relation to a person, any of that person's directors, partners, officers, executives, employees or agents, but not including a DMA Client in relation to a Member.

Rule means a rule of this LMAX Digital Rulebook as amended from time to time.

Settlement Limits, in relation to a Member and Transactions and Netting Transactions means a maximum amount, expressed in US Dollars, for the Net Open Position of that Member with that Matching Member sets in accordance with Rule 16.1 (Setting the Settlement Limit).

Subsidiary means:

- (a) a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006; and
- (b) any company which would be a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006 but for any security subsisting over the shares in that company from time to time.

Suspend means blocking access to LMAX Digital, or to trading one or more Contracts.

System means the operation and application software and hardware and network configurations used by LMAX to provide LMAX Digital.

Tier 1 Liquidity Provider, in relation to Contracts, means a Member or DMA Client who has agreed to provide liquidity on LMAX Digital to Accounts designated as Tier 1 Liquidity Takers.

Tier 1 Liquidity Taker, in relation to Contracts, means an Account designated as such by LMAX and who can access liquidity provided by Tier 1 and Tier 2 Liquidity Providers.

Tier 2 Liquidity Provider, in relation to Contracts, means a Member or a DMA Client who has agreed to provide liquidity on LMAX Digital to Accounts designated as Tier 1 or Tier 2 Liquidity Takers.

Tier 2 Liquidity Taker in relation to Contracts means an Account designated as such by LMAX and who can only access liquidity provided by Tier 2 Liquidity Providers.

Trade Agreement means an appropriate trade agreement between Members which has been notified to LMAX and has not been ended, varied or amended in such a way that those Members will not enter into relevant Transactions with each other.

Trading Day means any day when LMAX Digital is open for trading.

Trading Hours means all hours, every day of the year, unless otherwise indicated by LMAX.

Transaction means a transaction to buy and sell Digital Currency and Fiat Currency on the terms of a Contract.

US Dollars means the lawful currency of the United States of America from time to time.

User Agreement means an agreement in the standard form published on LMAX's website at www.lmaxdigital.com between LMAX and a person who is a DMA Client of a Member pursuant to which that DMA Client may access and use LMAX Digital.

Volatility Band means a price or value range as determined by LMAX in its sole discretion based upon considerations of price volatility.

2. Interpretation

2.1 Interpretation. In this Rulebook:

- (a) references to the words includes or including are to be construed without limitation;
- (b) all references to time are references to time in London;
- (c) words or phrases importing the singular include the plural and vice versa;
- (d) a word or expression related to a defined term has a consistent meaning to the defined term;
- (e) references to these Rules are references to the rules in this Rulebook, as varied, supplemented or replaced from time to time;
- (f) references to any Rule or paragraph are to those contained in this Rulebook; and

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- (g) a reference to any person, including a party, includes that person's successors in title and transferees (unless the transfer to the successor in title or transferee was in breach of the Member Agreement).

2.2 **Laws.** Any reference to a rule, an enactment or a statutory provision is a reference to it as it may have been, or may from time to time be, amended, modified, consolidated, re-enacted or replaced.

2.3 **Priority.** Unless a Rule or clause in the Member Agreement specifically states otherwise, in the event of any conflict or inconsistency, the following order of priority applies:

- (a) the LMAX Digital Rulebook;
- (b) the Member Agreement;
- (c) any Trade Agreement;
- (d) any other written agreement between LMAX and a Member which forms part of these Rules; and
- (e) any other notification, manual, requirement or procedure published by LMAX with which a Member must comply.

2.4 **Governing law.** These Rules, all Transactions and any non-contractual obligations arising out of, or in connection with them, are governed by, and are to be interpreted in accordance with, the laws of England and Wales. The English courts shall have exclusive jurisdiction to settle any dispute arising out of or in connection with any Transaction (including any non-contractual obligations arising out of, or in connection with them).

3. **Amendments**

3.1 **Material Disruptions.** If there is a Material Disruption, LMAX may amend any Rule with immediate effect. When the Material Disruption ends, LMAX may decide whether the amendment is then to be:

- (a) (subject to consultation in accordance with Rule 3.2 (Material amendments)) retained in the Rulebook; or
- (b) repealed as the amendment is no longer required.

3.2 **Material Amendments.** If there is no Material Disruption, but the amendment is a Material Amendment, then LMAX must (i) consult Members on the proposed amendment; and (ii) give Members a minimum period of 10 Business Days to comment on the proposed amendment. For the purposes of this Rule 3, a Material Amendment means an amendment which will have a material effect on the membership of a Member of LMAX in a way which will, in LMAX's reasonable view:

- (a) require significant changes to Members' equipment, operating platforms, and software (other than any software provided by LMAX) to connect to and use LMAX Digital;
- (b) affect the way Transactions arise or are settled or affect any other operational aspect of LMAX Digital;
- (c) have significant implications under Applicable Laws; or
- (d) cause or may cause substantial cost to, or demand additional resources from, Members.

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- 3.3 **Other amendments.** LMAX may, at its discretion, make any other amendment with immediate effect to any Rule at any time without consultation.
- 3.4 **Notice of amendments.** LMAX will notify Members of any amendment which is not a Material Amendment as soon as practicable by email and by posting a notice on its website. Members agree and acknowledge that it may not be possible to publish advance notice of Rule amendments made to deal with Material Disruptions. An amendment will come into force on the date and time LMAX specifies in such notification, taking into account any commercial or other factors involved in the amendment.

4. **Contacting LMAX**

4.1 **Communications.** Members can contact LMAX:

- (a) in writing to LMAX at:

Address: LMAX, Yellow Building, 1A Nicholas Road, London W11 4AN.

Attention: Compliance; or

- (b) by email to: compliance@lmax.com.

4.2 **Effect.** A written communication (other than email) is effective:

- (a) on delivery, if it is delivered by hand at 17:00 or earlier on a Business Day;
- (b) at 09:30 on the next Business Day if it is delivered by hand after 17:00 or on a day which is not a Business Day;
- (c) on the second Business Day after posting (for national mail) or the fifth Business Day after posting (for international mail), if it is sent by post. Proof that the notice was properly addressed, prepaid and posted is enough to show the notice has been duly served.

5. **Membership**

5.1 **Membership Criteria.** All applicants must:

- (a) enter into a Member Agreement;
- (b) qualify as a Professional Client; and
- (c) in the view of LMAX:

- (i) be of sufficient good repute;
- (ii) have sufficient level of trading ability, competence and experience;
- (iii) have adequate governance and organisational arrangements to oversee their trading activities; and
- (iv) have sufficient resources for the trading activities they intend to undertake.

5.2 **Capacity of Members.** Members may enter Orders to trade as principal on their own account and on a back-to-back principal basis for the account of Clients.

5.3 **LMAX position.** Each Member agrees and acknowledges that LMAX may also act as Member to trade Contracts on LMAX Digital subject to these Rules.

6. **Governance**

6.1 **Requests for information.** Members must: (save to the extent that such disclosure is prohibited by any Applicable Laws) respond promptly to all LMAX's enquiries and requests for information in connection with:

- (a) the Member (insofar such request is relevant to its membership of LMAX Digital);
- (b) its use of LMAX Digital; and
- (c) Orders and Transactions

and provide such information in English within such reasonable time and in such manner or format as LMAX may require.

6.2 **Transaction records.** Members must retain for at least five years, or such longer period as required by Applicable Laws, a record of each Transaction arising from Orders submitted by or on behalf of that Member.

7. **Systems**

Each Member must:

- (a) at its own cost and expense, obtain, operate, test and maintain all equipment, operating platforms, and software (other than any software provided by LMAX) to connect to and use LMAX Digital, as they may be updated from time to time, and to access the Information;
- (b) only interact with LMAX Digital using systems which are under the Member's control and only permit their DMA Clients to use systems which are under that client's control, and which systems in either case, conform to and are compatible with LMAX Digital;
- (c) ensure that its systems will not be used in a manner likely to disrupt the provision of LMAX Digital or to disrupt the operation of LMAX Digital or the provision of services similar to LMAX Digital to other Members and have adequate and appropriate measures in place to protect LMAX Digital against network or systems attacks;
- (d) have adequate order management systems and controls in place to avoid errors in Order submission;

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- (e) not attempt to gain, and have suitable protection in place to prevent, unauthorised access to LMAX Digital, the server on which LMAX Digital is stored or any server, computer or database connected to LMAX Digital (including the Information); and
- (f) immediately notify LMAX and cease trading on LMAX Digital if it becomes aware of, or suspects, a technical failure, malfunction or security breach of LMAX Digital.

8. Access

8.1 **Capacity.** Only Members may trade Contracts on LMAX Digital. Persons who are not Members may access Digital Currency trading on LMAX Digital as a Client or DMA Client of a Member.

8.2 **Qualification.** A Member must ensure that each Representative it authorises to:

- (a) use and access LMAX Digital and the Information on its behalf; and
- (b) enter into Transactions on behalf of the Member;

is qualified to access and use LMAX Digital and the Information.

8.3 **Member business only.** A Member must procure that each of its Representatives accesses LMAX Digital and uses the Information solely for the Member's use and in the course of the Member's business (including trading).

8.4 **Passwords.** A Member must ensure that the unique password and username issued to the Member by LMAX (as changed from time to time) for any Authorised Person are only used:

- (a) by such Authorised Person; and
- (b) for those of the systems of the Member:
 - (i) which are under the exclusive custody and control of the Member; or
 - (ii) which have an internet protocol address which has been notified to LMAX.

8.5 **Material Disruptions – Authorised Users.** Where there is a Material Disruption or when LMAX otherwise believes it is in the best interests of LMAX Digital to do so, LMAX may, without notice, terminate, Suspend or change the username and/or password of any Authorised Person.

8.6 **No inquiry.** LMAX is not responsible for ensuring that, and is not obliged to enquire whether, an Authorised Person and/or a person using a username and password supplied to the Member has satisfied its obligations under the Member Agreement or in the case of DMA Clients, a User Agreement.

9. DMA Clients

9.1 **Direct Market Access provided by Members.** Members may not provide Direct Market Access to a Client unless that Client has entered into User Agreement with LMAX.

9.2 **Unique ID.** Each Member must enable LMAX to identify uniquely on an anonymous basis each of its Clients using Direct Market Access or a similar functionality.

9.3 **Settlement Limit.** Each Member must apply a separate limit [Settlement Limit] to each of their DMA Clients.

10. Confidentiality

10.1 **Obligation.** Subject to Rule 10.2 and to Rule 10.3 below, both the Members and LMAX (each a party for the purposes of this Rule) undertake in respect of Confidential Information of which it is the recipient:

- (a) to treat such information as confidential;
- (b) not, without the disclosing party's prior written consent, which is not to be unreasonably withheld, to communicate or disclose any part of such information to any person except to:
 - (i) those of its Representatives, DMA Clients and other suppliers on a need-to-know basis who are directly involved in using or providing or facilitating the provision or use of LMAX Digital; or
 - (ii) the recipient's auditors, professional advisors and any other persons or bodies having a legal right or duty to have access to, or knowledge of, the Confidential Information in connection with the business of the recipient;
- (c) to ensure that all recipients mentioned in paragraph (b)(i) above are made aware, prior to disclosure, of the confidential nature of the Confidential Information and that they owe a duty of confidence to the disclosing party and to ensure that such recipients comply with this Rule 10; and
- (d) not to use or circulate such information within its own organisation except to the extent necessary for the purposes of, and in compliance with, the restrictions in this Rule.

10.2 **Exceptions.** The obligations in Rule 10.1 will not apply to any Confidential Information which is:

- (a) in the recipient's possession (with full right to disclose) before receiving it;
- (b) becomes public knowledge other than by breach of this Rule 10;
- (c) independently developed by the recipient without access to or use of the Confidential Information; or
- (d) lawfully received from a third party (with full right to disclose).

10.3 Either LMAX or the Member may disclose any Confidential Information (including all or part of a Member Agreement) if obliged to do so (but only to the extent obliged to do so) in order to comply with Applicable Laws, including following the request from any competent court, regulator or similar Governmental Authority. To the extent it is legally permissible to do so, such party will promptly notify the other party in writing of such obligation on request.

11. Data protection

11.1 In respect of any Relevant Personal Data that is transferred from the Disclosing Party to the Recipient Party in connection with the provision and/or receipt of LMAX Digital:

- (a) the parties agree that the Disclosing Party and the Recipient Party shall each be a “controller” (as defined in the General Data Protection Regulation); and
 - (b) the terms of this Rule 11 shall apply.
- 11.2 In respect of its processing of any Relevant Personal Data, each party shall comply at all times with the Data Protection Legislation at its own expense.
- 11.3 In respect of its processing of the Relevant Personal Data, the Recipient Party warrants, represents and undertakes that:
- (a) it shall provide Data Subjects (as defined in Data Protection Legislation) with all of the information, in a concise, transparent, easy to understand format using clear and plain English, required under the Data Protection Legislation to ensure that the Data Subjects understand how their personal data will be processed by the Receiving Party;
 - (b) it shall take all appropriate technical and organisational measures against unauthorised or unlawful processing of the Relevant Personal Data and against accidental loss or destruction of, or damage to the Relevant Personal Data, including (without limitation) by:
 - (i) taking reasonable steps to ensure the reliability of any Staff who have access to the Relevant Personal Data;
 - (ii) ensuring a level of security appropriate to the nature of the Relevant Personal Data and the risks that are presented by its processing;
 - (iii) where appropriate and reasonably practicable, the encryption and the pseudonymisation of the Relevant Personal Data; and
 - (iv) implementing a process for periodically testing, assessing and evaluating the effectiveness of technical and organisational measures for ensuring the security of the processing of the Relevant Personal Data.
 - (c) in the event of a breach of security or confidentiality of the Relevant Personal Data, it shall immediately notify the Disclosing Party (providing all such details as the Disclosing Party may reasonably request);
 - (d) it shall promptly notify the Disclosing Party of the receipt of any request, notice or other communication from any Data Subject or regulatory body relating to the Relevant Personal Data;
 - (e) provide the Disclosing Party with reasonable co-operation and assistance in connection with:
 - (i) its compliance with Data Protection Legislation in relation to the Relevant Personal Data;
 - (ii) any request or other communication made in relation to Data Subject rights (including a request made in respect of the Data Subject’s right of access and data portability, right to object, right to be provided with fair processing information and his/her rights to rectification and erasure of their Personal Data within the statutory response periods); and

- (iii) any notice or other communication received from a Regulatory Body in connection with the processing of the Relevant Personal Data or the Disclosing Party's compliance with the Data Protection Legislation;
 - (f) it shall ensure that only those persons that need to have access to the Relevant Personal Data are given access to the extent reasonably necessary and that such persons are subject to appropriate confidentiality obligations; and
 - (g) it shall ensure that any third party to whom it publishes, discloses or divulges any of the Relevant Personal Data is:
 - (i) subject to appropriate confidentiality and data security obligations; and
 - (ii) required to comply with Data Protection Law in respect of its processing of the Relevant Personal Data.
- 11.4 The Recipient Party warrants, represents and undertakes that, at the time of entering into this Agreement, it is not aware of the existence of any local laws that would have a substantial adverse effect on its ability to comply with the requirements of this Rule 11, and it will promptly inform the Disclosing Party if it becomes aware of any such laws.
- 12. Trading Hours and Contracts**
- Subject to these Rules, LMAX will provide LMAX Digital during Trading Hours on Trading Days.
- 13. Currency Pairs and Reference Factors**
- Current Contracts.** LMAX's website lists Contracts referencing Digital/Fiat Currency Pairs and/or Digital/Digital Currency Pairs as eligible for trading on LMAX Digital. See [Insert].
- 14. Suspending trading**
- 14.1 **Regulation.** LMAX may Suspend the entry of Orders in respect of any Contracts at any time if it is required to do so by Applicable Laws or if requested to do so by a Governmental Authority.
- 14.2 **Material Disruptions.** Where there is a Material Disruption affecting LMAX Digital, LMAX may take such steps as it deems necessary to restore the proper operation of, and the orderly conduct of business on, LMAX Digital, including:
- (a) terminating or Suspending the operation of LMAX Digital in whole or in part;
 - (b) Suspending the entry of Orders in respect of any Contracts,
 - (c) placing restrictions on trading certain Contracts;
 - (d) cancelling some or all Transactions formed during the Material Disruption; and/or
 - (e) determining any price adjustment to be paid in respect of Transactions formed during the Material Disruption.
- 14.3 **Kill functionality.** LMAX may cancel an Order:
- (a) on the request of a Member if the Member or its DMA Client is technically unable to delete that Order;

- (b) if it duplicates another Order on any of LMAX Digital in error; and
 - (c) which was submitted and remained unfilled before a Suspension in accordance with these Rules.
- 14.4 Members must calibrate their systems used for accessing LMAX Digital in such a way that they are able to cancel unfilled Orders at any time.
- 15. Orders**
- 15.1 **Matching.** LMAX will match Orders on LMAX Digital continuously and automatically in price time priority during Trading Hours. Subject to Applicable Laws, Members may cancel Orders before they are matched. Cancellation is not possible after a Transaction results from the Order, except in accordance with this Rulebook.
- 15.2 **Capacity.** Members trade as, and enter Orders as, the principal, and any client trading has to be conducted on a riskless principal basis.
- 15.3 **Rejection.** LMAX may refuse to accept an Order or may cancel any Order entered into LMAX Digital if it believes:
- (a) such action is necessary to preserve the integrity, proper functioning or orderliness of LMAX Digital; or
 - (b) that the Order is erroneous or invalid based on (A) the fact that either: (i) the Member has breached the orders per second threshold it agreed with LMAX, or (ii) the Order is greater than the clip size limit set by the Member, or (B) any relevant information; or
 - (c) the relevant Member is in breach, or will be further in breach of the Settlement Limits then applicable to it if it were to enter into any Transaction as a result of such an Order being matched.
- 15.4 **Partial fills.** If an Order rejected in accordance with [Rule 15.3 \(Rejection\)](#) has been partially filled, LMAX will cancel the unfilled part and send a cancellation message to the Member who placed the Order.
- 15.5 **Volatility rejections.** LMAX will reject Orders outside the Volatility Band and send a rejection message to the Member who placed the Order.
- 15.6 **Order delays.** All Aggressive Orders submitted to LMAX Digital by a Member (or DMA Client acting in its name) may be held by LMAX Digital for a time period determined by LMAX and communicated to all Members.
- 15.7 **Errors.** If LMAX reasonably believes a Transaction arose as a result of an erroneously entered Order whether as a result of being notified of the error by a Member or because of it referencing an off-market rate or otherwise, it will contact the two Members party to the trade as soon as possible.
- 15.8 **Members to agree.** Members notified by LMAX of a potential error in accordance with Rule 15.7 (Errors) shall discuss the Transaction in good faith with a view to deciding whether to confirm or re-price the Transaction to an appropriate market rate at the time of the trade. If the affected Members agree to confirm or re-price the Transaction, they shall notify LMAX by email of the changes. If the affected Members cannot so agree within two Trading Hours of being notified by LMAX, LMAX may

cancel the Transaction, or re-price the Transaction to an appropriate market rate at the time of the trade and LMAX will notify the relevant Members of such cancellation or re-pricing as soon as practicable.

16. Settlement Limits

- 16.1 **Setting the Settlement Limit.** As between any two Members, the Settlement Limit for Transactions and Netting Transactions will be the lower of the limits specifically set by each of those two Members. For the avoidance of doubt, if the Settlement Limit that applies between the two matched Members would be exceeded as a result of entering into such a Transaction or Netting Transaction, no Transaction or Netting Transaction will be formed.
- 16.2 **Calculation.** For each Member, LMAX will calculate its Net Open Position with each of its Counterparties for unsettled short and long positions for the current Trading Day, [and at the Member's request, an Outstanding Net Open Position across all unsettled short and long positions across Trading Days].
- 16.3 **Net Open Positions.** For all Transactions, including Netting Transactions (individually and in aggregate), LMAX will calculate:
- (a) the Net Open Position of each Member by netting all unsettled short and long positions for the current Trading Day for each Digital Currency and each Fiat Currency, then converting all net long and short positions into US Dollars based on the closing prices on LMAX Digital from the previous Trading Day, and then summing all short and all long positions so converted. The Net Open Position of a Member is the higher of the aggregate long and the aggregate short position; and
 - (b) the Outstanding Net Open Position of each Member that requested this calculation by netting all unsettled short and long positions across Trading Days for each Digital Currency and each Fiat Currency, then converting all those net long and short positions into US Dollars based on the closing prices on LMAX Digital from the previous Trading Day, and then summing all short and all long positions so converted. The Outstanding Net Open Position of a Member is the higher of the aggregate long and the aggregate short position.

17. Trade formation

- 17.1 **Pre-trade Conditions.** As soon as Orders are matched between Members, a Transaction, to be settled in accordance with a relevant Trading Agreement, will be formed, provided that the Pre-trade Conditions for the relevant type of Contract applying to each of the Members at the time of matching are satisfied.
- 17.2 **Notification.** Members will notify LMAX immediately if they do not satisfy the Pre-trade Conditions.

18. Netting Transactions

LMAX may, at any time during the Trading Day, as frequently as it believes appropriate to limit settlement risk, enter into one or more Netting Transactions as agent for one or more Members. No Netting Transactions will open a new position, but will have the effect of netting down Members' long and short positions in Fiat Currency or Digital Currency.

19. Settlement

19.1 **Trade Agreement:** Members that wish to enter into and settle Transactions between each other shall enter into a Trade Agreement between themselves.

19.2 **Settlement.** Members shall settle trades in accordance with the Trading Agreement between themselves..

20. No guarantee

LMAX is not responsible for, nor guarantees the performance or settlement of, any Transaction or Netting Transaction (unless LMAX is party to such Transaction in its capacity as a Member). Each Member agrees that it has no rights against LMAX and is not to proceed against LMAX to collect or recover sums or to enforce any rights in connection with, or as a result of, any Transaction.

21. Transaction Data

21.1 **Reporting Transactions.** LMAX will issue confirmations of Transactions to the relevant Members as soon as practicable, and in any event within two hours of the original time of execution of the Transaction. LMAX's confirmations will be final and binding on the parties to the Transaction.

21.2 **Transaction data.** LMAX will make available to each Member a list of all Transactions it entered into with any other Member on any Trading Day at the end of each Trading Day.

22. Reporting and taxes

Each Member is responsible for making such reports in relation to, and paying such tax on, Transactions as required by Applicable Law.

23. Market Abuse

23.1 **Obligation.** Each Member undertakes not to:

- (a) trade on LMAX Digital to deliberately transfer money from one account to another by attempting to match Orders or trades with another Member through collusion;
- (b) submit any Order that is artificial or fictitious or place any Order that is designed to give the market a false or misleading impression as to the supply or demand, value or price of a Contract or a Digital Currency; and
- (c) act or engage in any conduct which is likely to damage the fairness, integrity, proper functioning or orderliness of LMAX Digital.

23.2 **Warranty.** Each Member warrants that it has not breached any undertaking set out in Rule 23.1(Obligation) and this warranty shall be deemed repeated each time that Member submit an Order or opens or closes a trade on LMAX Digital. **The Member undertakes to notify LMAX immediately if it cannot give such warranty at any time.**

23.3 **Consequences of breach or suspected breach.** If (a) a Member trades in breach of the undertaking or warranty given in this Rule 23 (Market Abuse), or (b) LMAX has reasonable grounds for suspecting that a Member has done so, LMAX may in its absolute discretion and without being under any obligation to inform the Member of its reason for doing so, close that trade and any other trades that the Member may have open at that time and prevent the Member from opening further Orders on the Member's Account. When a trade is closed for such breach or suspected breach:

- (a) the Member shall remain liable for any loss on such trade; and
- (a) LMAX may withhold any payment that may have otherwise been due to the Member on such trade unless and until the Member produces such evidence as LMAX may reasonably require to establish that the Member has not committed the breach of warranty and/or misrepresentation the suspicion of which was the reason for closing the Member's trade.

23.4 **Surveillance and cooperation with the regulator.** LMAX may, and in some cases LMAX is obliged to, monitor all trading activity that takes place through its systems and report to any relevant Governmental Authority details of any Order submitted by the Member or trade entered into by the Member.

23.5 **Rights and remedies.** The exercise of any of LMAX's rights under this Rule 23 (Market Abuse), shall not affect any of LMAX's other rights under this Agreement.

24. **Market integrity**

A Member must not engage in or commit any act or engage in any course of conduct which is likely to damage the fairness, integrity, proper functioning or orderliness of LMAX Digital or bring LMAX into disrepute.

25. **Monitoring and reporting**

25.1 **Monitoring.** LMAX will monitor trading activity on LMAX Digital for non-compliance with these Rules, disorderly trading and conduct that may amount to Market Abuse.

25.2 **Cooperation with the regulator.** Subject to Applicable Laws, LMAX may:

- (a) report to any Governmental Authority any Material Disruptions, any breaches of these Rules, disorderly trading conditions and conduct that may involve Market Abuse; and
- (b) assist any Governmental Authority in any investigation of Market Abuse.

25.3 LMAX may disclose information and documents received from any Member in connection with its use of LMAX Digital to any Governmental Authority where such information and documents are required in connection with an investigation, inquiry or proceedings by such authority. If permitted by Applicable Laws, LMAX shall give the affected Member at least 7 days' written notice of the intended disclosure. If permitted by Applicable Laws, the Member shall co-operate with LMAX and any Governmental Authority in any investigation or enquiry in relation to LMAX.

25.4 **Investigation.** LMAX may, at its own cost, initiate and carry out an investigation into any matter that may constitute a breach of these Rules. Any Member affected by such investigation must co-operate fully and in a timely manner with the LMAX senior manager carrying out the Compliance Oversight Function in such investigation. On completing an investigation under this Rule 25 (Monitoring and reporting), the LMAX senior manager carrying out the Compliance Oversight Function may:

- (a) do nothing;
- (b) issue a written warning; or
- (c) recommend that LMAX Suspends or terminates the Member's membership.

26. **Compliance and Regulatory Committee**

- 26.1 **Constitution.** LMAX may convene a Compliance and Regulatory Committee to deal with disciplinary and other issues. The committee (if convened) will consist of at least three members. One member will be independent (including a non-executive LMAX board member), the second will be the LMAX senior manager carrying out the compliance oversight function (or his delegate) and the third an LMAX board member or senior employee who is not responsible for compliance or risk management.
- 26.2 **Procedures.** The Compliance and Regulatory Committee will consider any LMAX decision which is the subject of the appeal taking into account any representations of the affected Member, the recommendation of the LMAX senior manager carrying out the Compliance Oversight Function and any previous warnings issued to the Member. The Compliance and Regulatory Committee may uphold, overturn or amend the LMAX decision which is the subject of the appeal and will notify the relevant Member within 10 Business Days of any decision reached in relation to the appeal. In exercising its powers and functions under this Rule, the Compliance and Regulatory Committee must have regard to the need to maintain the integrity, orderliness and proper functioning of LMAX Digital. The decision of the Compliance and Regulatory Committee is final.

27. **Suspension and termination of membership**

- 27.1 **Resignation from membership.** A Member may resign its membership of LMAX Digital by giving at least 30 calendar days' written notice of resignation to LMAX in accordance with Rule 4 (Contacting LMAX) and its membership ends at the end of such notice period.

27.2 **Conditions for Suspension and termination by LMAX. If:**

- (a) a Member fails to pay Fees and/or Charges within 30 days of the due date;
- (b) an Insolvency Event happens in relation to a Member;
- (c) a Member does not trade on LMAX Digital for six months;
- (d) a Member does not satisfy the Membership Criteria;
- (e) LMAX reasonably believes that a Member has breached Rule 8 (Access), Rule 23 (market Abuse), Rule 24 (Market integrity) or does not satisfy the Pre-trade Conditions vis a vis any other Member;
- (f) the LMAX senior manager carrying out the Compliance Oversight Function finds that a Member has breached a Rule, warranty or undertaking and recommends Suspension or termination; or
- (g) LMAX believes it is in the best interest of LMAX Digital to do so,

LMAX may Suspend or end the Member's membership with immediate effect. Suspension is without prejudice to termination. Suspension may be for such period as LMAX deems necessary.

- 27.3 **Notice.** LMAX will notify a Member of a Suspension or termination, and the grounds therefore in advance of the Suspension or termination taking effect, unless it is impracticable or illegal to do so.

- 27.4 **Appeal.** A Member may appeal any decision by LMAX to Suspend or terminate its membership on the basis of paragraph (d) to (g) of Rule 27.2 (Conditions for Suspension and termination by LMAX) to the Compliance and Regulatory Committee. The appeal must be made in writing and submitted to

LMAX within 10 Business Days of the effective date of LMAX's notice under Rule 27.3 (Notice). The Member will give reasons for appealing LMAX's decision and provide any information relevant to the appeal. If LMAX has decided to Suspend or end a membership and a Member appeals, the Member's membership shall remain Suspended in accordance with LMAX's decision unless and until the Compliance and Regulatory Committee has allowed the appeal.

27.5 Effect of Suspension and termination. Notwithstanding Suspension or termination, a Member remains:

- (a) subject to and bound by these Rules;
- (b) obliged to pay any and all Fees and/or Charges pursuant to these Rules;
- (c) liable for all obligations arising pursuant to Transactions it is party to, and for all other obligations whether incurred before, during or after such Suspension or termination; and
- (d) responsible and liable for its acts and omissions during its membership.

28. Force Majeure

28.1 Exclusion of liability. Neither LMAX nor a Member is to be liable for delayed or non-performance of obligations under the LMAX Documents if a Force Majeure Event has prevented or delayed such performance.

28.2 Solution. LMAX shall notify the Members via its website (if practicable) if LMAX Digital is not available as a result of a Force Majeure Event. LMAX shall bring the Force Majeure Event to a close or find a solution to resume performance.

28.3 Termination. Where a Member or LMAX is prevented by a Force Majeure Event from performing its obligations under these Rules for a continuous period of more than 30 days, the other may end the Member Agreement immediately on the service of written notice, in which case neither the Member nor LMAX has any liability to the other except in accordance with Rule 27.5 (Effect of Suspension and termination).

29. Complaints

29.1 A Member may complain in writing about other Members compliance@lmax.com who will commence an investigation in accordance with Rule 25.4 (Investigation) if he considers the complaint to be substantive. Complaints about LMAX may be made in writing to the Compliance and Regulatory Committee for investigation.

Module II – LMAX Digital Private Rooms

30. Application

30.1 This Module II LMAX Private Rooms applies to Members and LMAX Private Rooms.

31. Member status and Agreements

31.1 **Private Rooms.** Two or more Members may agree with LMAX to use matching facilities provided by LMAX for trading among themselves on their own account and/or for the account of DMA Clients on the terms of an LMAX Private Room Agreement. A Member may be a party to one or more LMAX Private Room Agreements.

31.2 **Trading Agreements.** To enter into Transactions with other Members in an LMAX Private Room, a Member must have a Trading Agreement with the Matching Member under which it may enter into Transactions resulting from entering Orders in the relevant LMAX Private Room.