LUDLOW EXCHANGE, LLC.
New York, NY

August 6, 2026	**LUDLOW EXCHANGE, LLC** DESIGNATED CONTRACT MARKET	**Version 1.0**

Settlement of Combination Contracts

Rule Certification Amendment Filing

Includes:

1. Cover Letter (with Certifications)
2. Appendix A: Rulebook Amendments, Clean
3. Appendix A-1: Rulebook Amendments, Redline
4. Appendix B: Core-Principles Analysis (Confidential)

LUDLOW EXCHANGE, LLC.
New York, NY

August 6, 2026

SUBMITTED VIA CFTC PORTAL

Secretary of the Commission
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Ludlow Exchange, LLC - Rule Amendment Certification Regarding Settlement of Combination Contracts

Dear Sir or Madam:

Ludlow Exchange, LLC ("Ludlow" or the "Exchange") submits this rule certification pursuant to CFTC Regulation 40.6. This filing makes a tailored and narrow change to the rules that were submitted on July 1, 2026 (Submission No. 2607-0122-3508-72), as subsequently amended (together, the "Prior Filing"). This filing revises the rules for how Combination Contracts settle under Rule 6.2, as described below.

I. Description of Amendment

Settlement. Ludlow is amending Rule 6.2(b) and Rule 6.2(c) to revise the settlement treatment for Combination Contracts. As amended, and unless otherwise specified in the applicable Contract Specifications, a Combination Contract settles at $0.00 if any Leg settles contrary to the Direction specified for that Leg, and at $1.00 if every Leg settles in its specified Direction. If no Leg settles contrary to its specified Direction and one or more Legs is voided, cancelled, postponed beyond the period specified by Ludlow, or otherwise does not settle in or contrary to its specified Direction (a "Voided Leg"), the Combination Contract settles at the product of the values of its Legs. Each Leg that settles in its specified Direction is valued at $1.00, and each Voided Leg is valued under the rules of the underlying market, ordinarily at the last traded price for the Direction specified for that Leg.

Settlement values are stated for positions in the YES Direction; positions in the NO Direction settle at $1.00 minus the applicable value. For example, a three-Leg Combination Contract on which two Legs settle in their specified Directions and one Leg is a Voided Leg with a value of $0.40 settles at $0.40 per contract ($1.00 × $1.00 × $0.40) to YES positions and $0.60 per contract to NO positions. A three-Leg Combination Contract on which one Leg settles in its specified Direction and two Legs are Voided Legs with values of $0.50 and $0.40 settles at $0.20 per contract ($1.00 × $0.50 × $0.40) to YES positions and $0.80 per contract to NO positions.

II. Public Posting and Confidential Treatment

Concurrent with this filing, Ludlow has posted the non-confidential portions of this submission on its website. Ludlow respectfully requests confidential treatment for Appendix B, which includes non-public information regarding Ludlow's system design, operational controls, surveillance program, risk controls,

compliance processes, and regulatory analysis. A detailed justification for Ludlow's request for confidential treatment is included with this submission.

III. Certification

Pursuant to CFTC Regulation 40.6:

(i) Ludlow certifies that the amendment complies with the CEA and the CFTC's regulations promulgated thereunder.

(ii) Ludlow certifies that, concurrent with the filing of this submission with the Commission, Ludlow has posted on its website a notice of pending certification and a copy of this submission, with Appendix B redacted, in compliance with CFTC Regulation 40.6(a)(2).

(iii) Ludlow is not aware of any substantive opposing views to this amendment.

Please contact me if you have any questions or require further information.

Sincerely,

/s/ Jeffrey Skinner

Jeffrey Skinner
Compliance Counsel
Ludlow Exchange, LLC
jeff@novig.co

Appendix A: Rulebook Amendments (Clean)
Appendix A-1: Rulebook Amendments (Redline)
Appendix B: Confidential Core-Principles Analysis

August 6, 2026	**LUDLOW EXCHANGE, LLC** DESIGNATED CONTRACT MARKET	**Version 1.0**

Appendix A: Rulebook (Clean)

Ludlow Exchange, LLC

Rulebook

Version 1.2.1

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CHAPTER 1: DEFINITIONS

When used in this Rulebook the following terms shall have the respective meanings as follows:

"Affiliate" means an affiliated entity of Ludlow that has been approved by the Board to participate on the Platform as described in Rule 2.13.

"API" means an application programming interface, which is a set of programming code that queries data, parses responses, and sends instructions between one software and another.

"Appeals Panel" means a panel composed of at least three individuals appointed by the Chief Regulatory Officer to consider appeals under Chapter 9, including at least one person who would not be disqualified from serving as a Public Director.

"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 the CEA and CFTC Regulations, and state regulations where applicable.

"Authorized Trader" means a natural person who is employed by or is an agent of a Member that is not a natural Person, and who is designated by such Member and authorized by Ludlow to conduct exchange activity on the Member's behalf in accordance with Chapter 3.

"Board" means the Board of Directors of Ludlow, which manages Ludlow and is constituted from time to time in accordance with the Operating Agreement.

"CEA" means the Commodity Exchange Act, as amended from time to time.

"CFTC" means the U.S. Commodity Futures Trading Commission or any successor regulatory body.

"CFTC Regulations" means the rules and regulations promulgated by the CFTC, as amended.

"Clearinghouse" means the DCO that the Exchange designates to provide clearing services with respect to any or all Contracts.

"Combination Contract" means a standalone Contract whose payout depends on the joint resolution of two or more Legs, as specified in the applicable Contract Specifications.

"Compliance Department" means the Officers and employees of Ludlow who are responsible for maintaining the compliance integrity of Ludlow.

"Constituent Contract" means a Contract that is included as a component of a Combination Contract.

"Contract" means any contract, agreement, or transaction approved for trading on Ludlow pursuant to these Rules. A Contract ensues when two Orders for an Outcome are matched on the Platform.

"Contract Market" has the meaning set forth in CFTC Regulation 1.3.

"Contract Specifications" means, with respect to any Contract, the rules or other trading protocols containing specifications for such Contract, as adopted, amended, supplemented or otherwise modified from time to time by Ludlow.

"DCO" or "Derivatives Clearing Organization" has the meaning set forth in Section 1a(15) of the CEA.

"Direction" means, for an Order on an Outcome, whether the Outcome is positive or negative. An Order for an Outcome to be positive has a "YES" Direction. An Order for an Outcome to be negative has a "NO" Direction.

"Director" means any member of the Board.

"Disciplinary Panel" means a panel appointed by the Board to act in an adjudicative role and fulfill various adjudicative responsibilities and duties described in Chapter 9.

"Dispute" means any past, pending, or future dispute, claim, or controversy between a Member (or any of its Authorized Traders) and Ludlow (or any other Ludlow Party), arising out of or relating to any Contract, the Member's access to or use of the Platform or the Services, the Member's Account, or this Rulebook, the Member Agreement, or the Privacy Policy.

"Draw" means a tie result in the event underlying an Outcome. Ludlow may list Contracts for which Draw is the Outcome.

"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:

(a) Any activity that manipulates or attempts to manipulate a Contract on Ludlow;

(b) Any circumstance that may materially affect the performance of a Contract, including failure to clear and any failure of the payment systems;

(c) Any action taken by any domestic or foreign regulatory, self-regulatory, judicial, arbitral, or governmental (whether national, state or municipal) or quasi-governmental authority, or any agency, department, instrumentality, or sub-division thereof; or other Person exercising, or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or any other Contract Market, DCO, board of trade, or other

exchange or trade association (foreign or domestic) that may have a direct impact on trading on Ludlow or the settlement legality or enforceability of any Contract;

(d) Any actual, attempted or threatened corner, squeeze, congestion, manipulative activity or undue concentration of positions in a Contract;

(e) Any circumstance that may have a severe, adverse effect upon the functions and facilities of Ludlow, including, but not limited to, acts of God, fire, flood or other natural disasters, bomb threats, acts of terrorism or war, severely inclement weather, or failure or malfunction of all or a portion of the Ludlow Platform, or other system breakdowns or interruptions such as power, computer, communication or transportation systems or the Internet;

(f) The bankruptcy or insolvency of any DCO or the imposition of any injunction or other restraint by any government agency, clearinghouse, court or arbitrator upon a DCO which may affect the ability of a DCO to trade in or perform on a Contract;

(g) Any circumstance in which it appears to the Board that a DCO or any other Person:

(1) Has failed to perform on a Contract;

(2) Is insolvent; or

(3) Is in a financial or operational condition or is conducting business such that the DCO or Person cannot be permitted to continue in business without jeopardizing the safety of Member funds, Members, Ludlow, or the DCO.

(h) Any circumstance which may have a material impact on the reliability or transparency of the Underlying related to a Contract; or

(i) Any other unusual, unforeseeable, or adverse circumstance as determined by Ludlow.

"Exchange" means Ludlow Exchange, LLC or any successor thereto.

"Expiration" means the time on the Expiration Date established pursuant to these Rules at which a Contract expires, and the Expiration Value of that Contract is determined.

"Expiration Date" means the date established by these Rules on which the Expiration Value of each Contract is determined.

"Expiration Value" means the rate, level, amount, measure, or other value of the Underlying at Expiration.

"Insider" has the meaning set forth in Rule 5.11.

"KYC" means "know your customer", the policies and procedures required to obtain and retain a record of the essential facts concerning a Member.

"Last Trading Date and Time" means the date and time after which no new Orders may be submitted and no Trades may be executed in a Contract, as specified in the Contract's terms and conditions or as adjusted by Ludlow pursuant to Rule 7.2.

"Leg" means a Constituent Contract, together with the Direction specified for that Constituent Contract in the Contract Specifications for a Combination Contract.

"Live-Event Contract" means a Contract on an event that has commenced but not yet concluded, and a Combination Contract any Leg of which is a Contract on such an event, in each case as determined by Ludlow.

"Ludlow" means Ludlow Exchange, LLC or any successor thereto.

"Ludlow Party" or "Ludlow Parties" means Ludlow and its officers, directors, agents, employees, and software, hardware, and service providers.

"Maker" refers to an Order that is resting in the Order Book to distinguish it from a Taker Order for purposes of assessing fees.

"Market Maker" means a Member that is designated as a Market Maker and granted certain privileges in exchange for meeting certain requirements as described in Chapter 4.

"Market Outcome" means the result of the Contract.

"Match" means matching a buy Order for one Direction of an Outcome with a buy Order from the other Direction of the same Outcome resulting in a Contract.

"Matching Algorithm" means the procedure for pairing Orders from each Direction. Ludlow's Matching Algorithm uses price-time priority, wherein the better priced Order is matched before any lesser priced Order. Where multiple Orders have the same price, older Orders are matched before newer Orders.

"Member" means a Person which has applied to Ludlow and been approved to be a Member and has entered into a Member Agreement with Ludlow.

"Member Account" or "Member's Account" means an account established with Clearinghouse for the purpose of trading contracts on Ludlow.

"Member Agreement" means the agreement between Ludlow and any Person that the Person must agree to prior to the Person becoming a Member.

"NFA" means the National Futures Association or any successor regulatory body.

"No Cancellation Range" means the range of prices, including the endpoints of the range, above and below the fair value price of a Contract in which Ludlow will not cancel a trade that has been submitted for review and cancellation.

"Officer" has the meaning set forth in Rule 2.3.

"Order" means a bid for a Contract with either a YES or NO Direction.

"Operating Agreement" means the operating agreement of Ludlow, as amended, restated, or otherwise modified from time to time.

"Order Book" means a listing of Orders for a Contract by execution priority for each Direction separately for an Outcome. Order Book includes both Directions for any Outcome.

"Outcome" means the final result of an event listed for trading on Ludlow.

"Outcome Review Committee" means a committee of the Board to determine Market Outcomes in accordance with Chapter 7.

"Payout Criterion" of a Contract means the Expiration Value or set of Expiration Values that will cause that Contract to pay a Settlement Value (or proportion thereof) to position holders. The holder of a position in a Contract that receives a Settlement Value (or proportion thereof) is considered to be "in-the-money" while the holder of a position in a Contract that does not receive a Settlement Value is considered to be "out-of-the-money". For an event contract swap, the Payout Criterion or Settlement rules define the Expiration Value(s) that will cause a Settlement Value to be paid to the holder of a long position in such Contract, or as specified in a Contract's terms and conditions.

"Person" means an entity as defined in Section 1a(38) of the CEA and in CFTC Regulation 1.3.

"Platform" means the Ludlow electronic trade execution system that is used for trading Contracts, including any licensed software that is a part thereof from time to time, and any successor electronic trading system thereto.

"Position Accountability Level" means the level of loss that can be incurred as a result of a position in a Contract that is held or controlled by a Member above which Ludlow may impose restrictions or obligations on the Member as set forth in Chapter 5.

"Position Limit" means the maximum loss that can be incurred as a result of a position in a Contract that is allowed to be held or controlled by one Member as prescribed by Ludlow and/or the CFTC.

"Pre-Event Contract" means a Contract on an event that has not yet commenced, and a Combination Contract each Leg of which is a Contract on an event that has not yet commenced, in each case as determined by Ludlow.

"Public Director" means an individual with the qualifications set forth in Rule 2.2(i).

"Quote" means a response submitted by an RFQ Provider to an RFQ, specifying the price and such other terms as Ludlow may require.

"Regulatory Agency" means any governmental or self-regulatory authority applicable to Ludlow.

"Regulatory Services Agreement" has the meaning set forth in Rule 9.1(a).

"Regulatory Oversight Committee" means the committee of the Board constituted in accordance with Rule 2.7.

"Reportable Position" means a position in a Contract or several Contracts in the same Market held by a Member the size of which meets or exceeds a level specified by Ludlow.

"Request for Quote" or **"RFQ"** means a request submitted by a Member through functionality made available by Ludlow for one or more Members to provide a Quote in a Contract, including a Combination Contract.

"RFQ Acceptance Period" means the period specified in Rule 5.2(k) during which an RFQ Requestor may accept a Quote.

"RFQ Confirmation and Execution Period" means the period specified in Rule 5.2(k) that commences upon an RFQ Requestor's acceptance of a Quote.

"RFQ Provider" means any Member with access to the API that may respond to an RFQ by submitting a Quote.

"RFQ Requestor" means a Member that submits an RFQ.

"RFQ Response Period" means the period specified in Rule 5.2(k) during which RFQ Providers may submit Quotes in response to an RFQ.

"RFQ-generated Order" means an Order generated by Ludlow pursuant to Rule 5.2(k) upon the conclusion of the RFQ Confirmation and Execution Period.

"Rulebook" or **"Rules"** means the Ludlow Rulebook and includes interpretations, orders, resolutions, advisories, notices, statements of policy, decisions, manuals, and directives of Ludlow or Clearinghouse.

"Self-Regulatory Organization" shall, unless otherwise provided, have the meaning set forth in CFTC Regulation 1.3(ee) and, in addition, shall include a Contract Market, Derivatives Clearing Organization, and registered futures association.

"Settlement" means, with respect to a Contract that has reached Expiration, the payment of Settlement Values to Members holding in-the-money positions and the corresponding

collection of amounts from Members holding out-of-the-money positions, in accordance with the Contract's terms and the Rulebook.

"Settlement Date" means the date on which Settlement occurs.

"Settlement Value" means the amount which the holder of a Contract may receive for a Contract held until Expiration.

"Source Agency" means the agency that publishes the Underlying and/or Expiration Value for any Contract.

"Taker" refers to an Order that executes against Orders resting in the Order Book so as to distinguish it from a Maker Order for purposes of assessing fees.

"Trade" or **"Transaction"** means any purchase or sale of any Contract on Ludlow, either directly or indirectly.

"Underlying" means the index, rate, risk, measure, instrument, differential, indicator, value, contingency, occurrence, or extent of an occurrence the Expiration Value of which determines whether a Contract is in-the-money.

CHAPTER 2: MARKET GOVERNANCE

Rule 2.1 Ownership

Ludlow is a Delaware limited liability company. The management and operation of Ludlow are governed by the Operating Agreement and the Rules.

Rule 2.2 Board of Directors

(a) The Board has the power to direct Ludlow including, but not limited to, the power to define the standards for membership in Ludlow and the power to amend, adopt, or repeal these Rules and the power to oversee the business conduct of Members and impose penalties for violation of these Rules.

(b) The Board has the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of standing committees or special committees of the Board or any panel of the Officers related to the day-to-day business operations of Ludlow.

(c) The Chief Executive Officer shall serve as chairman of the Board. The Board shall manage the day-to-day business operations of Ludlow.

(d) Any authority or discretion vested in any Officer or delegated to any committee or subcommittee shall not be construed to deprive the Board of such authority or discretion and, in the event of a conflict, the determination of the matter by the Board shall prevail. This does not apply to the Outcome Review Committee.

(e) A majority of the Directors serving on the Board, including at least one Public Director, shall constitute a quorum for the transaction of business of the Board. At all times when the Board is conducting business at a meeting of the Board, a quorum of the Board must be present at such meeting, and the Board may act only by the decision of a majority of the Directors constituting a quorum of the Board by vote at a meeting, by unanimous written consent without a meeting, or as otherwise set forth in the Operating Agreement.

(f) The Board shall comprise the number of Directors set forth in the Operating Agreement and shall include Public Directors as no less than 35% of the Board at all times. Each Director (including Public Directors) shall be appointed in accordance with the Operating Agreement and shall serve until his or her successor is duly appointed, or until his or her earlier resignation or removal, with or without cause.

(g) Ludlow shall submit to the CFTC within thirty (30) days after each Board election a list of the Board's Directors, the Member interests they represent, and how the

composition of the Board meets the requirements of CFTC Regulation 1.64(b) and Ludlow's Rules and procedures.

(h) Each Director is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to Ludlow.

(i) To qualify as a Public Director, an individual must be found, by the Board and on record, to have no Material Relationship, as defined below, with Ludlow. The Board must make such a finding at the time the Public Director is elected and as often as necessary in light of all circumstances relevant to such Public Director, but in no case less than annually. A Material Relationship is one that reasonably could affect the independent judgment or decision-making of the Director. The Board need not consider previous service as a Director of Ludlow to constitute a Material Relationship. A Director shall be considered to have a Material Relationship with Ludlow if any of the following circumstances exist or have existed within the past year:

(1) Such Director is or was an Officer or an employee of Ludlow, or an officer or an employee of an affiliate of Ludlow;

(2) Such Director is or was a Member, or an officer or director of a Member; or

(3) Such Director, or a firm with which the Director is an officer, director, or partner, receives more than $100,000 in combined annual payments from Ludlow, or any affiliate thereof, for legal, accounting, or consulting services.

(j) If any immediate family member of a Director is found to have a Material Relationship, then such Material Relationship will be determined to apply to the Director.

(k) The Board shall have procedures, as may be adopted by the Board from time to time, to remove a Director where the conduct of such Director is likely to be prejudicial to the sound and prudent management of Ludlow.

(l) The Board shall review its performance and that of its individual Directors annually.

Rule 2.3 Officers

(a) The Board shall appoint a Chief Executive Officer, Chief Operating Officer, Chief Regulatory Officer, Chief Technology Officer, and other such Officers of Ludlow as it may deem necessary or appropriate from time to time (collectively, the "Officers").

(b) Any Officer may also be a director, officer, partner or employee of any of its affiliates, subject to disclosure and resolution of conflicts of interest.

(c) The Officers shall have such powers and duties in the management of Ludlow as the Board may prescribe from time to time, subject to any limitations set forth in the Operating Agreement.

(d) Each Officer is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to Ludlow.

Rule 2.4 Restrictions on Who May Be Members of the Board, Members of Committees, or Ten Percent or Greater Owners

(a) For purposes of this Rule 2.4, the terms "disciplinary offense," "final decision", and "settlement agreement" have the meaning given those terms in CFTC Regulation 1.63(a).

(b) An individual may not serve as a Director or Officer, serve on a committee or subcommittee established by the Board, including the Disciplinary Panel, or hold a 10% or greater ownership interest in Ludlow, if the individual:

(1) Within the prior three (3) years has been found, by a final decision of a court of competent jurisdiction, an administrative law judge, the CFTC, or any Self-Regulatory Organization, to have committed a disciplinary offense;

(2) Within the prior three (3) years has entered into a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;

(3) Is currently suspended from trading on a Contract Market or a swap execution facility, is suspended or expelled from membership in a Self-Regulatory Organization, is serving any sentence of probation, or owes any portion of a fine or penalty imposed pursuant to either: a finding by final decision of a court of competent jurisdiction, an administrative law judge, the CFTC or any Self-Regulatory Organization that such person committed a disciplinary offense; or a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;

(4) Is currently subject to an agreement with the CFTC or Self-Regulatory Organization not to apply for registration with the CFTC or for membership in the Self-Regulatory Organization;

(5) Is currently, or within the past three (3) years has been, subject to a revocation or suspension of registration by the CFTC, or has been convicted within the past three (3) years of any of the felonies listed in Section 8a(2)(D)(ii) through (iv) of the CEA;

(6) Is currently subject to a denial, suspension, or disqualification from serving on a disciplinary panel, 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; or

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

(c) Any Director, Officer, member of a committee established by the Board, and any individual nominated to serve in any such role, shall immediately notify the Chief Executive Officer if such individual is subject to one or more of the criteria in Rule 2.4(b). Prior to nomination to the Board, each individual shall certify that he or she is not disqualified pursuant to Rule 2.4(b). Each Director shall certify that he or she is not disqualified pursuant to Rule 2.4(b) annually. Upon appointment, each Director, Officer, and a member of a committee shall provide to Ludlow, where applicable, changes in registration information within thirty (30) days and certification of compliance accordingly. Ludlow shall verify information supporting Board compliance with eligibility criteria.

(d) An individual may not serve on any Disciplinary Panel, arbitration panel, or the Appeals Panel during any proceeding affecting or concerning such an individual, to be determined in a reasonable manner by Ludlow.

Rule 2.5 Qualifications for Members of the Board, Members of Committees, or Ten Percent or Greater Owners

(a) To serve as a Director, an individual must possess the ability to contribute to the effective oversight and management of Ludlow, taking into account the needs of Ludlow and such factors as the individual's experience, perspective, skills and knowledge of the industry in which Ludlow operates.

(b) A Director or Officer must meet any qualifications set forth from time to time in the Operating Agreement and these Rules.

(c) If Ludlow determines that an individual subject to Rule 2.4 no longer meets the criteria set forth in Rule 2.4(b), Ludlow shall inform the CFTC of such determination. Ludlow shall provide to the CFTC, upon request, an individual's certification of compliance with the criteria set forth in Rule 2.4(b).

Rule 2.6 Committees and Subcommittees

(a) The Board may create, appoint Directors to serve on, and delegate powers to committees and subcommittees. The Board shall designate the chairperson of each such committee. There shall be a Regulatory Oversight Committee. Each committee and subcommittee shall assist in the supervision, management and control of the affairs of Ludlow within its particular area of responsibility, subject to the authority of the Board.

(b) The Board shall establish a Disciplinary Panel prior to the commencement of each disciplinary matter as set forth in Rule 9.4.

(c) The Chief Regulatory Officer shall establish an Appeals Panel upon commencement of an appeal as set forth in Rule 9.4.

(d) Subject to the authority of the Board, each committee and subcommittee shall determine the manner and form in which its proceedings shall be conducted. A majority of the members serving on a committee or subcommittee, including at least one Public Director, shall constitute a quorum for the transaction of business of a committee or subcommittee. Each committee and subcommittee may act only by the decision of a quorum, by vote at a meeting, or by unanimous written consent without a meeting.

(e) In the event the Board rejects a recommendation or supersedes an action of the Regulatory Oversight Committee or the Chief Compliance Officer, Ludlow shall maintain documentation detailing:

(1) The recommendation or action of the Regulatory Oversight Committee or the Chief Compliance Officer as the case may be;

(2) The rationale for such recommendation or action;

(3) The rationale of the Board for rejecting such recommendation or superseding such action; and

(4) The course of action that the Board decided to take contrary to such recommendation or action.

Rule 2.7 Regulatory Oversight Committee

(a) The Regulatory Oversight Committee shall be a standing committee of the Board consisting of only Public Directors, as appointed from time to time. No less than two Public Directors shall serve on the Regulatory Oversight Committee.

(b) Each member of the Regulatory Oversight Committee shall serve for a term of one (1) calendar year from the date of his or her appointment or for the remainder

of his or her term as a Public Director, and until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Regulatory Oversight Committee or as a Public Director. A member of the Regulatory Oversight Committee may serve multiple terms.

(c) The Regulatory Oversight Committee shall oversee Ludlow's regulatory program on behalf of the Board. The 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 Ludlow. The Regulatory Oversight Committee shall also have such other powers and perform such other duties as set forth in the Rules and as the Board may delegate to it from time to time.

(d) The Regulatory Oversight Committee shall prepare an annual report that assesses Ludlow'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, as provided in Exhibit B to Part 38 of the CFTC Regulations.

(e) Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have the authority to:

(1) Monitor the regulatory program of Ludlow 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 Members (including ensuring compliance with financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); 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, 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 as to whether and how such changes may impact regulation.

Rule 2.8 Outcome Review Committee

(a) The Outcome Review Committee shall be:

(1) A standing committee consisting of three individuals who are appointed by the Board. At least two of the members must be Public Directors.

(2) Responsible for determining Market Outcomes as provided in Rule 7.1.

(b) Each member of the Outcome Review Committee shall serve for a term of one (1) calendar year from the date of his or her appointment or, if shorter, for the remainder of his or her term as a Public Director, as applicable, until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Outcome Review Committee or as a Public Director. A member of the Outcome Review Committee may serve multiple terms.

Rule 2.9 Prohibition on Trading

(a) All Ludlow employees and Directors are prohibited from the following:

(1) Trading, directly or indirectly, in any commodity interest traded on Ludlow;

(2) Trading directly or indirectly in any commodity interest traded on or cleared by a Contract Market, swap execution facility, or clearing organization other than Ludlow and in any commodity interest traded on or cleared by a linked exchange if the employee has access to material nonpublic information concerning such commodity interest; and

(3) Disclosing to any other person any material nonpublic information which such employee obtains as a result of his or her employment at Ludlow where such employee has or should have a reasonable expectation that the information disclosed may assist another person in trading any commodity interest. There is no prohibition against disclosures made in the course of an employee's duties, or disclosures made to another Self-Regulatory Organization, linked exchange, court of competent jurisdiction or representative of any agency or department of the federal or state government acting in his or her official capacity.

Rule 2.10 Emergency Rules

(a) Ludlow may adopt Emergency rules in response to any Emergency as defined in Chapter 1 of the Rulebook. In the event of one of those emergencies, the Board or at least two Officers may, without giving prior notice to, or securing prior

approval from the CFTC, adopt a temporary Emergency rule to address the Emergency. Adoption of a temporary Emergency rule requires the Chief Executive Officer's approval. Adoption of a temporary Emergency rule by two Officers requires the written authorization and acknowledgement of two Officers, indicating the Emergency action to be taken and the reasons for that action, before the action is taken.

(b) Any temporary Emergency rule adopted under this Rule may authorize Ludlow to act as the Board or Officers deems necessary or appropriate to meet the Emergency, and those actions may adversely affect the ability to trade on the Platform. Therefore, the chance of an Emergency is one of the risks that Members should consider when deciding whether to trade on the Platform.

(c) If deemed necessary to combat perceived market threats caused by an Emergency, a Ludlow official authorized to do so may suspend trading on the Platform for any or all contracts during the duration of the Emergency or take any other action that the official thinks is necessary or appropriate. The official will order an end to the action taken in response to the Emergency as soon as the official determines that the Emergency has sufficiently abated to permit the Platform to function properly. Reasonable actions resulting under this Rule include but are not limited to:

(1) Modification to limits on positions;

(2) Reduction of positions and exposure by participating Members to certain Contracts;

(3) Cancellation of a Contract and the return of any funds paid to enter Trades on the Contract;

(4) Extension/shortening of expiration and/or closing date;

(5) Suspension and curtailing of trading;

(6) Liquidating or transferring open positions in any contract; and

(7) Changing a Contract's terms and conditions and/or specifications.

(d) Ludlow will make every effort practicable to notify the Director of the Division of Market Oversight, their delegates, and/or other persons designated by the CFTC's Regulations that Ludlow intends to implement, modify, or terminate a temporary Emergency rule pursuant to Rule 2.10(a) or an action in response to an Emergency pursuant to Rule 2.10(c) prior to the implementation, modification, or termination of the rule or action. If it is not possible to notify the CFTC prior to the implementation, modification, or termination of the rule or action, Ludlow will notify the CFTC of the implementation, modification, or termination of the

rule or action at the earliest possible time, and in no event more than twenty-four (24) hours after implementation, modification, or termination. In situations where a contract is fungible with a contract on another platform, emergency action to liquidate or transfer open interest must be directed, or agreed to, by the CFTC or the CFTC's staff.

(e) Any time that Ludlow takes action in response to an Emergency, either under Rule 2.10(a) or Rule 2.10(c), Ludlow shall publish a notice of such action on its website, notify Members through the Ludlow API, and notify Members via email. Ludlow will likewise document its decision-making process and reasons for taking Emergency action.

Rule 2.11 Conflicts of Interest

(a) Ludlow prohibits members of the Board of Directors or any disciplinary or oversight committee or subcommittee from taking part in any deliberations or voting on any matter in which members of the Board of Directors, committee, or subcommittee member have an interest or have a relationship with a named party in interest.

(b) Named Party in Interest Conflict

(1) No member of the Board, Board Committee, or Disciplinary Panel shall participate in such body's deliberations or voting in any matter involving a named party in interest where such member:

(A) is the named party in interest in the matter;
(B) is an employer, employee, or fellow employee of a named party in interest;
(C) is associated with a named party in interest through a "broker association" as defined in CFTC Regulation 156.1;
(D) has any other significant, ongoing business relationship with a named party in interest, excluding relationships limited to Contracts; or
(E) has a family relationship (i.e., the member's spouse, parents, children, and siblings, in each case, whether by blood, marriage, or adoption, or any person residing in the home of the member or that of his or her immediate family) with a named party in interest.

(2) Prior to consideration of any matter involving a named party in interest, each member of the deliberating body shall disclose to the Chief Compliance Officer whether such member has one of the relationships listed above with a named party in interest.

(3) The Chief Compliance Officer shall determine whether any member of the relevant deliberating body is subject to a conflicts restriction under this Rule 2.11(b). Such determination shall be based upon a review of the following information:

(A) information provided by such member pursuant to Rule 2.11(b)(2); and

(B) any other source of information that is held by and reasonably available to Ludlow.

(4) In the event of a conflict involving the Chief Compliance Officer as a member of the deliberating body, the other members of the deliberating body shall determine whether any member of the relevant deliberating body is subject to a conflicts restriction under this Rule 2.11(b).

(c) Financial Interest in a Significant Action Conflict

(1) No member of the Board, Board Committee, or Disciplinary Panel shall participate in the body's deliberations or voting on any significant action if such member knowingly has a direct and substantial financial interest in the result of the vote based upon either Ludlow or non-Ludlow positions that could reasonably be expected to be affected by the action.

(2) Prior to consideration of any significant action, each member of the deliberating body who does not choose to abstain from deliberations and voting shall disclose to the Chief Compliance Officer any information that may be relevant to a determination of whether such member has a direct and substantial financial interest in the result of the vote.

(3) The Chief Compliance Officer shall determine whether any member of the relevant deliberating body who does not choose to abstain from deliberations and voting is subject to a conflicts restriction under this Rule 2.11(c) based on a review of the totality of the circumstances.

(4) Any member who would otherwise be required to abstain from deliberations and voting pursuant to this Rule 2.11(c) may participate in deliberations, but not in voting, if the deliberating body, after considering the factors specified below, determines that such participation would be consistent with the public interest (e.g., if the member has significant expertise and background that provides useful context); provided, however, that before reaching any such determination, the deliberating body will fully consider the information specified in Rule 2.11(c)(2) which is the basis for such member's direct and substantial financial interest in

the significant action that is being contemplated. In making its determination, the deliberating body shall consider:

(A) whether such member's participation could unduly influence the outcome of the deliberations;
(B) whether such member's participation in the deliberations is necessary to achieve a quorum; and
(C) whether such member has unique or special expertise, knowledge or experience in the matter being considered.

(5) In the event of a conflict involving the Chief Compliance Officer as a member of the deliberating body, the other members of the deliberating body shall determine whether any member of the relevant deliberating body is subject to a conflicts restriction under this Rule 2.11(c).

(d) Minutes

(1) The minutes of any meeting to which the conflicts determination procedures set forth in this Rule 2.11 apply shall reflect the following information:

(A) the names of all members who participated in such meeting;
(B) the name of any member who voluntarily recused himself or herself or was required to abstain from deliberations or voting on a matter and the reason for the recusal or abstention, if stated;
(C) the information that was reviewed for each member of the relevant deliberating body; and
(D) any determination made in accordance with Rule 2.11(b) or Rule 2.11(c).

Rule 2.12 Prohibition on Use of Material Nonpublic Information

(a) For purposes of this Rule 2.12, the terms "material information," "nonpublic information," "linked exchange", "commodity interest," and "related commodity interest" have the same meanings as they do in CFTC Regulation 1.59.

(b) Employees and members of the Board may not use or disclose material nonpublic information gained through their employment or board service in certain circumstances.

(c) No member of the Board or any committee established by the Board or these Rules will use or disclose material nonpublic information obtained as a result of participation on the Board or such committee for any purpose other than the performance of official duties as a board or committee member.

(d) No employee, consultant, or member of the Board or any committee of Ludlow will disclose to any other person material nonpublic information obtained as a result of such person's employment for purposes inconsistent with such person's official duties.

(e) No employee, consultant, or member of the Board or any committee of Ludlow will trade for such person's account, or for or on behalf of any other account, in any commodity interest on the basis of any material nonpublic information obtained through special access related to the performance of such person's duties as an employee, consultant, or member of the Board or committee.

(f) No Member who inadvertently or otherwise comes into possession of any material nonpublic information held by Ludlow or any employee, consultant, or member of the Board or any committee of Ludlow gained through their employment by or service to Ludlow will disclose to anyone such material nonpublic 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 nonpublic information.

(g) Any director, officer, or employee of Ludlow who violates any provision of this Rule will be required to indemnify Ludlow for any losses, damages, or costs caused by that violation.

Rule 2.13 Limitation on Trading by Affiliates

Ludlow, pursuant to approval by the Board, permits Affiliates to participate on its Platform, subject to the following provisions:

(a) Each Affiliate is a Member of the Platform.

(b) Ludlow has ensured that each Affiliate does not have access to Ludlow's material nonpublic information, and Ludlow ensures each Affiliate's access to information is limited to public information available to all Members. Notwithstanding the foregoing, the provision of information to common directors of Ludlow, any affiliate or the holding company shall not constitute a violation of this proscription.

(c) Ludlow ensures each Affiliate maintains operational independence from Ludlow. Operational independence means that the Affiliate member must:

(1) Have and maintain operations, including servers, databases, accounts, tools, software, and development tooling, separate from Ludlow;

(2) Have no access to Ludlow's operations;

(3) Be subject to all of the rules in this Rulebook, including the rules regarding Membership (see Chapter 3);

(4) Have access to the Platform limited to that set forth in the rules in this Rulebook (see Chapter 5);

(5) Not have access to material nonpublic information, including but not limited to information regarding order flow, trading, settlement, contracts, and compliance; and

(6) Have and maintain physical separation from Ludlow.

(d) All capital underlying trading by each Affiliate will not originate from Ludlow.

(e) Any algorithms employed by any Affiliate must not be readily exploitable (e.g., be not readily subject to manipulation, hacking).

(f) Each Affiliate participates on the Platform and provides liquidity to the Platform by placing orders on either (or both) sides of a market at competitive price levels.

(g) Each Affiliate has no obligation to trade all or even any contracts at any time, and other Members should not rely on the potential presence of an Affiliate to make markets or otherwise augment or provide liquidity in any contract.

Rule 2.14 Consent to Jurisdiction

Any Person initiating or executing a transaction subject to these Rules, directly or indirectly, and any Person for whose benefit such a transaction has been initiated or executed, expressly consents to the jurisdiction of Ludlow and agrees to be bound by and comply with the Rules of Ludlow in relation to such transactions, including, but not limited to, Rules requiring cooperation and participation in investigatory and disciplinary processes.

Rule 2.15 Information-Sharing Agreements

(a) Ludlow 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 Agency) if Ludlow considers such agreement, arrangement or procedures to be in furtherance of Ludlow's purpose or duties under these Rules or Applicable Law.

(b) Ludlow may provide information to a duly authorized foreign governmental authority, as directed by the CFTC, in accordance with an information-sharing agreement or other arrangements or procedures executed with such foreign governmental authority or the CFTC.

Rule 2.16 Public Information

(a) Accurate, complete, and current copies of these Rules and Contract Specifications will be published on the Ludlow website.

(b) Ludlow shall make public on a daily basis information on settlement prices, volume, open interest, and opening and closing ranges for Contracts.

(c) Except as provided herein, Ludlow shall publish on its website a notice with respect to each addition to, modification of, or clarification of, the Rules, the matching engine, and any Ludlow Contract Specification prior to the earlier of:

(1) The effective date thereof; and

(2) The filing of such change with the CFTC.

(d) Any notice shall be deemed to have been made to all Members and any other such Person as may be required by the following:

(1) For Members, by sending such notice to Members' email addresses on file with Ludlow; and

(2) By posting the notice in the "Notices" section of the Ludlow website.

(e) With respect to any communication with the CFTC and any information required to be transmitted or made available to market participants and the public, including on the Ludlow website or otherwise, Ludlow shall provide information that it believes, to the best of its knowledge, is accurate and complete, and will not omit material information.

(f) Ludlow will publish all rule certifications on the Ludlow website.

(g) Ludlow may make Combination Contracts available for trading in accordance with these Rules and the applicable Contract Specifications. Each Combination Contract shall be treated as a separate Contract for purposes of trading, execution, reporting, settlement, volume, open interest, position accountability, and recordkeeping, even if its Payout Criterion references one or more Legs, Constituent Contracts, Outcomes, or other Contracts.

Rule 2.17 Recordkeeping

(a) Ludlow shall keep, or cause to be kept, complete and accurate books and records of accounts and activities of Ludlow, including all books, records and other documentation required to be maintained pursuant to the CEA and CFTC Regulations. This includes, among other things, all trade records and investigatory or disciplinary files, in accordance with the requirements of CFTC Regulation

1.31. Ludlow's trading system will record and store for a period of not less than five (5) years in a searchable, read-only database a record of all data entered into the Ludlow trading system, including the Member's identity and the information in Rule 5.3. Such records shall be maintained in a readily available manner during the first two (2) years.

(b) Ludlow shall retain all such books and records in accordance with the CEA and CFTC Regulations.

(c) Ludlow will provide information required to be maintained or provided pursuant to the CEA and CFTC Regulations to the CFTC in the form and manner required under these Rules, and/or the CEA and CFTC Regulations.

Rule 2.18 Transaction Records and Reporting

(a) Ludlow shall record and report to the CFTC all data required under Part 16 of CFTC Regulations, in the form and manner required by CFTC Regulations.

(b) Ludlow shall keep and maintain books and records identifying each Order submitted to Ludlow and each Transaction effected pursuant to these Rules, including the identification of the execution method (e.g., Order Book) with respect to each such Order and Transaction. These books and records shall be kept and maintained in accordance with the CEA and CFTC Regulations.

(c) Ludlow will comply with all conditions of such relief as set forth in any pertinent letter from the CFTC that provides relief from swap data reporting requirements under Parts 43 and 45 of the CFTC's regulations for contracts traded on or pursuant to the rules of Ludlow.

Rule 2.19 Services Agreements

(a) Ludlow may contract with a third-party services provider to provide certain technology and/or regulatory services pursuant to a technology services agreement or regulatory services agreement. In accordance with such an agreement, the third-party service provider may perform certain functions under the Rules and Ludlow may provide information to the third-party service provider in connection with the third-party service provider's performance of its functions. Ludlow conducts periodic reviews to verify each third-party service provider is performing certain technology services pursuant to a service agreement.

(b) Without limitation of the foregoing, any of the powers or functions of Ludlow under these Rules may be delegated to the third-party service provider pursuant to the relevant technology services agreement or regulatory services agreement in

such manner and on such terms as Ludlow and the third-party service provider may mutually agree, consistent with Applicable Law.

(c) Ludlow shall retain ultimate decision-making authority with respect to any functions that are contracted to a third-party service provider.

Rule 2.20 Prohibited Use of Data Collected for Regulatory Purposes

(a) Ludlow shall 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; provided however, Ludlow may use such data or information for business or marketing purposes if the Person from whom it collects or receives such data or information clearly consents to Ludlow's use of such data or information in such manner.

(b) Ludlow, where necessary, for regulatory purposes, may share such data or information with one or more Contract Markets or swap execution facilities registered with the CFTC.

(c) Ludlow may not condition access to its Platform on an applicant's or Member's consent to the use of proprietary data or personal information for business or marketing purposes.

Rule 2.21 Independent Software Vendors

Ludlow will provide independent software vendors with access to its trading platform and its data in a fair and nondiscriminatory manner so long as each independent software vendor shall comply with Ludlow's criteria governing such access. Ludlow's access criteria shall be impartial and transparent.

CHAPTER 3: MEMBERS

Rule 3.1 Applying to Become a Member

(a) Ludlow will provide access to the Platform (including but not limited to the Order Book) and related services in an impartial, transparent, fair and non-discriminatory manner.

(b) In order to become a Member, an applicant must complete an online member application (the "Member Application") and provide Ludlow with any other relevant information promptly upon request. Any funds deposited by Members with Clearinghouse shall constitute "Proprietary Funds" in accordance with CFTC Regulations.

(c) To be eligible to become a Member, an applicant must:

(1) Be a Person;

(2) Provide Ludlow with any information or documentation Ludlow deems necessary in order to verify the applicant's identity, perform a criminal background check, or otherwise review information provided on an application or by a third-party provider;

(3) Maintain an account, or accounts, in the Member's name with a U.S. financial institution that the Member will use to fund its Member Account at Clearinghouse, and to receive funds from its Member Account, or, if the Member is a non-U.S. resident, have an account or accounts in the Member's name with either a U.S. financial institution or a foreign bank capable of transacting with Clearinghouse that the Member will use to fund its Member Account at Clearinghouse, and to receive funds from its Member Account via one of the acceptable methods as stated on the Ludlow website;

(4) Not be subject to any economic or trade sanctions programs administered by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") or other relevant U.S. or non-U.S. authority; and must not be listed on OFAC's List of Specially Designated Nationals and Blocked Persons; and

(5) Certify the following:

(A) The applicant is old enough to enter into a legally enforceable contract and has reached the required age as stated on the Member Agreement;

(B) The applicant has read, understands, and agrees to comply with the Ludlow Rulebook, Terms of Use, Privacy Policy, and Member Agreement; and

(C) The applicant will trade in its Member Account only for itself and will not serve as an intermediary for any other Person.

(d) Submission of a Member Application to Ludlow constitutes the applicant's agreement to be bound by these Rules and other policies of Ludlow. Among other things, this also includes the applicant's agreement to become a member of Clearinghouse and be bound by Clearinghouse's Rules in its capacity as a DCO.

(e) Ludlow may in its sole discretion approve, deny, or condition any Member Application as Ludlow deems necessary or appropriate.

(1) In the event that Ludlow decides to decline or condition an application for admission as a Member, or to terminate a Person's status as Member, Ludlow shall notify such Person thereof in a notice sent to the email address provided by the Person in the Member Application and Member Agreement or maintained in Ludlow's registry of Members. The written notice will specify the basis for Ludlow's decision. Such Person may, within twenty-eight (28) days, request in writing that Ludlow reconsider the determination.

(2) Within twenty-eight (28) days of receiving a request for reconsideration, Ludlow shall (i) confirm the denial or condition; (ii) reverse the denial or condition; or (iii) modify the denial or condition, and shall promptly notify such Person accordingly in writing. Ludlow may, in its sole discretion, schedule a hearing (in person or by teleconference), request additional information from such Person or establish any other process that it believes is necessary or appropriate to consider the request for reconsideration.

(3) Ludlow's decision is the final action of Ludlow and is not subject to appeal.

(f) If a Member Application is approved by Ludlow, the applicant will be a Member and will have the following privileges, which Ludlow may revoke, amend, or expand in accordance with, or by amending, these Rules:

(1) To maintain a Member Account;

(2) To buy Contracts on the Platform using the funds in its Member Account;

(3) To view "real-time" the same best bids to buy and offers to sell the Contracts traded on the Platform as are available to all other Members;

(4) To view the current trading volume and open interest for the Contracts traded on the Platform; and

(5) To view all non-secure parts of the Ludlow website.

(g) A Member may enter Orders into the Platform.

(h) A Member may not maintain and/or trade more than one Member account.

(i) Applicants for Member status of Ludlow may withdraw their applications at any time without prejudice or without losing their right to apply at a future time.

Rule 3.2 Obligations Applicable to All Members

(a) Each Member must comply with these Rules, applicable provisions of the CEA, and relevant CFTC Regulations. Each Member, upon a request of Ludlow or any Regulatory Agency, must promptly respond to any requests for information, including by providing any necessary information for Ludlow to perform any of the functions described in CEA Section 5(h). Each Member must also cooperate promptly and fully with Ludlow, its agents, and/or the CFTC in any investigation, call for information, inquiry, audit, examination, or proceeding. Failure to cooperate with any request for information within fifteen (15) days of the request is determined to be a violation of this Rule and subject to the disciplinary proceedings described in Chapter 9 including but not limited to the revocation or suspension of the Member's privileges in full or in part or subject a Member to civil or criminal prosecution.

(b) Each Member consents to allow Ludlow to provide all information Ludlow has about the Member, including the Member's trading activity, to the CFTC or any other Regulatory Agency, law enforcement authority, or judicial tribunal.

(c) Each Member consents to Ludlow providing information related to KYC to Clearinghouse.

(d) Each Member is required to review the "Notices" section of the Ludlow website to make itself aware of material changes to these Rules or other notices that may affect its rights and obligations as a Member of Ludlow.

(e) Each Member shall maintain appropriate books and records of its trading, including records of any activity in the underlying commodity and related derivatives markets, and make such records available, upon request, to Ludlow.

(f) Each Member must update that Member's email address within twenty-four (24) hours if the email address most recently provided to Ludlow becomes inactive. Each Member must update all other information provided in its relevant Member Application within five (5) days after that information has changed. If any Member thereof fails to satisfy these obligations, Ludlow may revoke or suspend the Member's privileges in full or in part.

(g) Each Member must immediately notify Ludlow in writing upon becoming aware:

(1) That the Member has had access or trading privileges suspended, or membership denied, in any commodity, securities, or swaps exchange, brokerage, association, or Regulatory Agency;

(2) That the Member has been convicted of, pled guilty or no contest to, or entered a plea agreement for any felony in any domestic, foreign or military court;

(3) That the Member 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:

(A) Embezzlement, theft, extortion, fraud, fraudulent conversion, forgery, tax evasion, counterfeiting, false pretenses, bribery, gambling, racketeering, or misappropriation of funds, securities, or properties; or

(B) Any transaction in or advice concerning swaps, futures, options on futures, leveraged transactions or securities;

(4) That the Member has been subject to, or associated with a firm that was subject to regulatory proceedings before any governmental or Regulatory Agency;

(5) That the Member is currently a party to any investigation or proceeding, the resolution of which could result in an event described in Rule 3.2(g)(1)-(4);

(6) Of any other material change in any information contained in the Member Application;

(7) Of becoming subject to early warning reporting under CFTC Regulation 1.12;

(8) Of becoming the subject of a bankruptcy petition, receivership proceeding, or the equivalent, or being unable to meet any financial obligation as it becomes due; or

(9) Of information that concerns any financial or business developments that may materially affect the Member's ability to continue to comply with participation requirements.

(h) A Member is not required to engage in trading activity or maintain a minimum balance in its account after initial funding.

Rule 3.3 Authorized Traders

(a) Each Member, who is not a natural Person, shall designate one or more Authorized Trader(s) who will be responsible for exchange activity conducted on behalf of the Member. An Authorized Trader may also be a Member in his or her individual capacity but may not knowingly act as a counterparty in any capacity to any Order that he or she has placed as an Authorized Trader on behalf of another Member in his or her individual capacity. Any Authorized Trader must notify Ludlow prior to becoming a Member; and a Member must notify Ludlow prior to becoming an Authorized Trader, by email (or as otherwise specified by Ludlow in lieu of sending an email).

(b) By agreeing to become an Authorized Trader, an individual agrees to be bound by the duties and responsibilities of an Authorized Trader and to be subject to, and comply with, Ludlow's Rules and obligations. Among other duties and responsibilities that Ludlow may impose, an Authorized Trader and the Member, as relevant, must:

(1) Have the authority, at the Exchange's request, to adjust or withdraw any Order submitted under any unique identification code assigned to him or her;

(2) Ensure that any exchange activity conducted under any unique identification assigned to him or her complies with all Ludlow Rules and obligations; and

(3) Ensure that the Authorized Trader's unique identification code is provided to Ludlow with each order message submitted by the Authorized Trader.

(c) To designate an Authorized Trader, a Member must follow the procedures established by Ludlow. Ludlow may establish criteria that individuals must fulfill to become an Authorized Trader.

Rule 3.4 Rejection of Applicant and Limitations of Trading Privileges

(a) Notwithstanding Ludlow's authority granted under any other Rule, Ludlow may, in its sole discretion, deny any Member Application, or suspend, revoke, limit,

condition, restrict, or qualify the trading privileges of any Member or Authorized Trader of a Member as it deems necessary or appropriate.

(b) Anyone who has had trading privileges limited pursuant to Rule 3.4(a) will be provided, in writing, the reason such action was taken.

(c) If Ludlow denies the Member Application of any Person or places limitations on trading privileges pursuant to this section, the Person may appeal the decision by filing with Ludlow a petition for review of such membership denial or trading limitation. The petition should describe in detail the reasons why the Member Application should be granted, or trading limitations removed. The petition must be filed within twenty-eight (28) days from the date upon which notice of the denial of membership or limitation of trading privileges was provided by Ludlow. The decision of Ludlow will be final. A Person that has been denied membership by Ludlow will not be eligible for reapplication during the six (6) months immediately following such denial.

(d) If trading privileges are limited pursuant to Rule 3.4(a) of this Rule, Ludlow may initiate a transfer of the Member's balance to the bank account on record or cause for the same to be effected by Clearinghouse.

(e) Ludlow has full discretion to limit or restrict a Member or Authorized Trader from trading in specific Contracts or categories of Contracts to mitigate risks of market manipulation.

Rule 3.5 Communications Between Ludlow and Members

(a) Each Member must provide Ludlow with its current email address and immediately notify Ludlow of any changes. All communications between Ludlow and its Members, including confirmation of all Transactions executed on a Member Account, may be transmitted by email, on the Ludlow website or app, or via the Ludlow API.

(b) A Member is responsible for promptly reviewing and, if necessary, responding to all electronic communications from Ludlow.

(c) Ludlow may record conversations and retain copies of electronic communications between Ludlow and Members. Any such recordings may be retained by Ludlow in such manner and for such periods of time as Ludlow may deem necessary or appropriate. Ludlow shall retain such records for the retention periods necessary to comply with CFTC Regulation 1.35 or such longer period as Ludlow deems appropriate.

Rule 3.6 Dues, Fees, and Expenses Payable by Members

(a) Members are not required to pay dues.

(b) Members may be charged fees in connection with the trading of Contracts in such amounts as may be revised from time to time to be reflected on Ludlow's website.

(c) Members may be charged fees for Settlement of Contracts in an amount to be reflected from time to time on Ludlow's website.

(d) Ludlow may cause and/or instruct Clearinghouse to deduct from the Member Account fees or expenses incurred in connection with the trading or account activity or Ludlow's administration in connection with that activity, such as fees for wire transfer or other payment methods processing fees. All such fees will be charged in an amount to be reflected on Ludlow's website. All such fees and expenses will be deducted from the Member's Account.

(e) If Ludlow determines in the future to impose dues or additional fees, Members will be provided notice of the change at the time the amended fees are filed with the CFTC. The new fee structure will be implemented no earlier than on the first available trade date for which the change may be implemented according to the CFTC's self-certification filing requirements as set forth in CFTC Regulation 40.6(a).

Rule 3.7 Withdrawal of a Member

(a) To withdraw from Ludlow, a Member must notify Ludlow following the procedures established by Ludlow.

(b) Ludlow may, in its reasonable discretion, refuse to accept a Member's withdrawal request or may postpone the effective date of withdrawal of a Member if Ludlow considers it necessary for the protection of other Members or otherwise in the interests of Ludlow.

(c) Based on the information provided to, and other information gathered by, Ludlow regarding a Member's withdrawal request, Ludlow will determine whether to (i) accept the withdrawal request; (ii) postpone the effective date of the withdrawal; and/or (iii) impose any terms or conditions before or after the effective date of withdrawal.

(d) If Ludlow refuses to accept a Member's withdrawal request or postpones the effective date of withdrawal of a Member, Ludlow may waive the obligation to pay some or all of the fees, costs and charges that Ludlow would have imposed during the period after the date on which the requested withdrawal would have otherwise taken effect.

(e) When Ludlow accepts the withdrawal of a Member, all rights and privileges of such Member terminate (including, without limitation, the trading privileges and ability to access the Platform). The accepted withdrawal of a Member shall not affect the rights of Ludlow under the Rules or relieve the former Member of its Obligations under the Rules, to perform all contracts involving any Contracts entered into by such, or to pay any Exchange fees, costs, or charges incurred, before the withdrawal. Notwithstanding the accepted withdrawal of a Member, the withdrawn Member remains subject to the Rules, the Obligations and the jurisdiction of Ludlow for acts done and omissions made while a Member, and must cooperate in any proceeding under Chapter 9 as if the withdrawn Member were still a Member.

Rule 3.8 Incentive Programs

(a) Ludlow may from time to time establish one or more incentive programs (each, an "Incentive Program") that provide Members with incentives, including bonus payments, rebates, or other rewards, that are designed to encourage participation on Ludlow.

(b) Each Incentive Program shall be made available to eligible Members on a fair, equitable, and non-discriminatory basis among similarly situated Members.

(c) The terms of each Incentive Program shall be filed with the CFTC pursuant to applicable CFTC regulations and posted on the Ludlow website prior to implementation. Notwithstanding the foregoing, Ludlow may specify and adjust program-specific terms, including the amount of any incentive and the program's effective period, by notice posted on the Ludlow website, provided that such terms remain within the parameters of the applicable Incentive Program as filed, and that any change requiring certification or approval under CFTC regulations will be filed before taking effect.

(d) Ludlow may, in the Chief Regulatory Officer's discretion, modify, suspend, or terminate any Incentive Program at any time, and may revoke a Member's eligibility or disqualify trading activity from qualifying for an Incentive Program where the activity is not permitted under these Rules or is inconsistent with the purpose of the Program.

CHAPTER 4: MARKET MAKERS

Rule 4.1 Eligibility to be Designated as a Market Maker

(a) Only Members in good standing may become a Market Maker.

(b) Ludlow shall have sole discretion to allow a Member to become a Market Maker.

(c) Ludlow may set any specific requirements that the Member must abide by in order to become a Market Maker.

(d) A Member must complete and file a Market Maker agreement with Ludlow to be considered for Market Maker status.

(e) The designation of any Market Maker may be suspended, terminated or restricted by Ludlow at any time and for any reason.

(f) Ludlow may designate more than one Market Maker, and there may be more than one Market Maker participating on the Exchange.

(g) There may be more than one Market Maker program in place at Ludlow at any given time.

Rule 4.2 Designation as a Market Maker

(a) To determine whether a Member shall be designated as a Market Maker, Ludlow shall consider the Member's available financial resources, relevant experience, business reputation, and any other relevant factor.

(b) No Member shall be designated as a Market Maker without the Member's consent.

(c) Ludlow may periodically conduct an evaluation of any Market Maker to determine whether it has fulfilled performance standards relating to, among other things, quality of the markets, competitive market making, observance of ethical standards, and administrative soundness. If the Market Maker fails to meet minimum performance standards, Ludlow may, among other things, suspend, terminate or restrict the Market Maker's designation.

Rule 4.3 Market Maker Benefits

Market Makers may receive benefits, including but not limited to financial benefits, reduced fees, differing Position Limits and Position Accountability Levels (consistent with Applicable Law), and enhanced access, in accordance with any relevant Market Maker program in place at Ludlow for fulfilling the market maker obligations.

Rule 4.4 Market Maker Obligations

(a) A Market Maker's transactions must be reasonably calculated to contribute to the maintenance of a fair and orderly market, and a Market Maker shall not make bids or offers or enter into transactions that are inconsistent with this goal.

(b) A Market Maker is obligated to perform all requirements and obligations delineated in the relevant Market Maker agreement and in the relevant Market Maker program in place at Ludlow. These requirements and obligations include but are not limited to maintaining two-sided markets within a defined spread and with a minimum depth during trading.

Rule 4.5 Market Maker Position Accountability Levels

(a) Market Makers are generally subject to the Position Accountability rules set forth in Rule 5.12. However, Ludlow may establish higher Position Accountability Levels for Market Makers on Contracts in a market where the Market Maker is maintaining a two-sided market within a defined spread and with a minimum depth during trading. Unless otherwise specified, on these Contracts Market Makers will have Position Accountability Levels that are ten (10) times the Position Accountability Levels for non-Market Makers.

(b) For Contracts that a Market Maker is required to adhere to Market Maker obligations set forth in Rule 4.4(b), Market Makers will not be subject to Position Limits imposed under Rule 5.13 in regard to such Contracts and will be subject to Position Accountability Levels.

(c) In no instance may a Market Maker's position exceed any applicable limit established by the CFTC.

CHAPTER 5: METHOD FOR MEMBERS TO TRADE CONTRACTS

Rule 5.1 Member Access to Ludlow

(a) During the Ludlow application process, an applicant who wishes to become a Member will be required to choose a unique user identification ("ID") and password.

(1) Such an applicant will be required to enter the ID and password to log onto and access secure portions of the Ludlow website. Each time such applicant submits its ID and password to Ludlow in order to log onto Ludlow, the applicant affirms that it understands and agrees to be bound by these Rules and other policies of Ludlow, as amended.

(b) After a Member Application has been approved by Ludlow, the applicant shall be notified of its designation as a Member. Upon such designation, the Member will be able to access the Platform, execute Trades, and otherwise access information regarding, or perform functions in, their account using their ID and password.

(c) For account security and audit trail purposes, each Member agrees that Ludlow may maintain logs of the IP address used to access the Ludlow website.

(d) Each Member will be responsible for protecting its ID and password from improper disclosure. In addition, a Member may not knowingly or negligently permit any Person not authorized by Ludlow and by the Member to use the ID and password to access the secure portion of the Ludlow website. Each Member is required to immediately notify Ludlow if it knows, or has reason to believe, that its ID or password have been disclosed to any Person not authorized by Ludlow and the Member to use such ID and/or password.

(e) Each Member will be liable for all costs and any losses that it may incur from Transactions executed on the Platform by any Person, authorized or not, using its ID and password. Ludlow will not be responsible for unauthorized Transactions in a Member Account, except as provided in Rule 12.3.

(f) Each Member is responsible for contracting with an Internet service provider through which it will access the Ludlow website and for having a backup service provider if the Member thinks it is necessary. Each Member is also responsible for maintaining an Internet connection speed adequate for its needs. Ludlow will not be responsible in any way for any orders delayed or trades missed or not executed in a timely fashion because of failure of the Member's Internet service provider or slowness of its Internet connection speed. No communication from a Member will

be deemed to have been received by Ludlow until that communication is logged by the Ludlow server.

(g) Ludlow in its discretion may place a Member Account on hold (prohibiting any order activity) or on hold-liquidation only (allowing only orders to liquidate existing positions). In such circumstances, Ludlow will promptly notify the affected Member of the nature of and reason for the action.

Rule 5.2 Trading Contracts

(a) Members trade Contracts by entering Orders for an Outcome into the Platform. After logging into the secure portion of the Ludlow website, the Member will input its Orders into the Platform.

(b) Each Order must include price, Direction ("YES" or "NO"), and quantity.

(c) Orders in the Order Book are matched with incoming Orders strictly with price-time priority.

(1) An Order at a better price will always have priority over Orders at inferior prices. As among Orders at the same price, an Order with time priority will be executed before Orders that have been entered after the Order with time priority.

(2) RFQ-generated Orders shall be subject to this Rule 5.2 except as otherwise expressly provided in Rule 5.3.

(3) Only one buy Order per direction can have time priority at any given time.

(4) Orders with time priority will be matched first regardless of their respective sizes.

(d) An Order may be modified by indicating in the Order interface provided by Ludlow any of the following time-in-force conditions for that Order:

(1) Good Until Canceled. The Order remains in the Order Book until it is filled or the Last Trading Date and Time of the Contract, whichever comes first. A partially filled Order remains in the Order Book until the remainder is filled or the Last Trading Date and Time of the Contract, whichever comes first.

(2) Good Until Time. The Order remains in the Order Book until the earlier of (i) the specified expiration time or (ii) the Order being filled or canceled. A partially filled Order remains in the Order Book until the earlier of (i) the specified expiration time or (ii) the remainder being filled or canceled.

(3) Immediate or Cancel. The Order executes immediately against one or more Maker Orders in the Order Book. Any unfilled portion of the Order is automatically canceled.

(4) Fill or Kill. The Order executes immediately and completely against one or more Maker Orders in the Order Book, or is canceled immediately in its entirety.

(5) Post Only. If the Order would execute immediately against one or more Orders in the Order Book, the Order is canceled. Otherwise, the Order rests in the Order Book as a Maker Order.

(e) Orders may be entered for Combination Contracts in the same manner as Orders for other Contracts, subject to any additional requirements in these Rules or the applicable Contract Specifications.

(f) Before an Order is accepted, Ludlow will check the Member's Account to ensure it has enough funds to cover its maximum loss under the Contract(s) it is attempting to enter into. If the Member does not have the necessary funds in its Account, Ludlow will cancel its Order prior to Trade execution. If the Member does have the necessary funds in its account with the Clearinghouse, Ludlow will execute the Trade. Ludlow will notify the Member by email that the Trade has been executed.

(g) Any Order for a Contract that has been entered into the Platform may be canceled unless and until it has been executed or has otherwise expired.

(h) A Member may submit an RFQ for a Contract through functionality made available by Ludlow. Ludlow may permit RFQs for existing Contracts and may also permit RFQs by which a Member requests that Ludlow identify or create a Combination Contract based on Legs or Constituent Contracts selected by the Member. Ludlow may determine the Contracts, categories of Contracts, Members, interfaces, and methods of access for which RFQ functionality is available.

(i) Ludlow may establish eligibility criteria for RFQs and Combination Contracts including criteria relating to eligible Contracts, number of Legs, event status, settlement compatibility, operational risk, market integrity, or any other factor reasonably designed to promote fair and orderly trading and reliable settlement. Ludlow may reject any RFQ or requested Contract that Ludlow determines is internally inconsistent, cannot be reliably or deterministically settled under the applicable Contract Specifications, or otherwise presents unacceptable operational, settlement, or market-integrity risk. If Ludlow accepts a request for a Combination Contract, Ludlow may identify an existing Contract or create a new Contract with its own Contract identifier and Order Book.

(j) An RFQ shall identify the Contract or requested Contract, requested size, requested Direction, and such other information as Ludlow may require. For a Combination Contract, the RFQ shall identify the applicable Legs or Constituent Contracts. Ludlow may disclose to RFQ Providers the information necessary to respond to the RFQ, including the Contract or requested Contract, Legs or Constituent Contracts, requested Direction, requested size, and a pseudonymous identifier for the RFQ Requestor. Ludlow shall not disclose the identity of the RFQ Requestor through the RFQ process, except as required by Applicable Law or these Rules.

(k) **RFQ Timing and Execution.** The following periods and procedures shall apply to each RFQ. Upon commencement of an RFQ, Ludlow shall establish an Order Book for the applicable Contract.

(1) *Response period.* Upon submission of an RFQ, Ludlow shall transmit the RFQ to RFQ Providers, who shall have three (3) seconds (the "RFQ Response Period") to submit Quotes. Any Member with access to the API may submit a Quote in response to an RFQ or enter an Order in the Order Book.

(2) *Acceptance period.* Following the RFQ Response Period, the RFQ Requestor may review the best-priced Quote and determine whether to accept it. The RFQ Requestor shall have up to ten (10) seconds to accept for Live-Event Contracts, and up to thirty (30) seconds to accept for Pre-Event Contracts (in each case, the "RFQ Acceptance Period").

(3) *Confirmation and Execution Period.* Upon the RFQ Requestor's acceptance of a Quote, a single period of one (1) second (the "RFQ Confirmation and Execution Period") shall commence, during which (A) the RFQ Provider whose Quote was accepted may confirm its willingness to execute at the quoted price, and (B) any other Member with access to the API may submit a Quote or enter an Order in the Order Book with respect to the applicable Contract. Quotes and Orders entered during this period are reflected in the Order Book, thereby exposing the transaction to competition from better-priced interest.

(4) *Execution.* At the conclusion of the RFQ Confirmation and Execution Period, Ludlow shall generate an Order corresponding to the RFQ (the "RFQ-generated Order") and shall execute it on a Fill-or-Kill basis against the best-priced interest then available that is sufficient to satisfy the full requested size, whether the confirmed Quote or a better-priced resting Order. If no confirmed Quote and no resting Order sufficient to satisfy the full requested size is then available, no execution shall occur.

(5) *Execution delay period.* Following entry into the Order Book, there shall be a period of one (1) second (the "RFQ Execution Delay Period"), at the conclusion of which execution shall occur. If the confirmed Quote remains the best-priced interest available, the RFQ-generated Order shall execute against the confirmed Quote. If a better-priced resting Order is then available, the RFQ-generated Order shall instead execute against such better-priced resting Order.

(l) Unless otherwise specified by Ludlow, the RFQ process shall be conducted as a blind auction. RFQ Providers may submit Quotes during the RFQ response period. RFQ Providers shall not see other RFQ Providers' Quotes during the RFQ response period. All Quotes shall expire at the end of the RFQ response period unless accepted earlier by the RFQ Requestor. Quotes at the same price shall be ranked by size. Quotes with the same price and same size shall be ranked by time of entry.

(m) A Quote must be responsive to the Contract, requested Direction, requested size, and other terms specified in the RFQ. Ludlow may require Quotes to be for a specified size and may reject partial Quotes. An RFQ Provider may submit a Quote only if the RFQ Provider has sufficient funds in its Member Account to support the potential exposure from execution of the Quote and only if the resulting execution would not violate applicable position limits or other risk controls.

(n) Once submitted, a Quote may be withdrawn during the RFQ Response Period, except as otherwise specified by Ludlow. If the RFQ Requestor accepts a Quote, the RFQ shall close and the RFQ Provider must affirmatively confirm the Quote within the RFQ Confirmation and Execution Period. If the RFQ Provider does not confirm within the RFQ Confirmation and Execution Period, the Quote will be deemed not confirmed and no Trade shall occur against that Quote; provided that an RFQ-generated Order may still execute against a better-priced resting Order in accordance with Rule 5.2(k).

(o) Ludlow may impose temporary RFQ participation restrictions, cooldowns, rate limits, or other system controls on an RFQ Provider that fails to confirm accepted Quotes at a frequency or in a manner that Ludlow determines is inconsistent with bona fide quoting or the fair and orderly operation of the RFQ process. If an RFQ Requestor accepts a Quote and the RFQ Provider confirms the Quote within the applicable confirmation period, Ludlow shall generate one or more Orders for the applicable Contract. RFQ-generated Orders shall be Fill-or-Kill unless otherwise specified by Ludlow. At the time of execution, Ludlow shall check the Order Book for the applicable Contract. If resting interest is available on the Order Book

at a price better than the confirmed Quote and in sufficient quantity to satisfy the full requested size, the RFQ-generated Order shall execute against such resting interest. If resting interest is available at a better price than the confirmed Quote but in insufficient quantity to satisfy the full requested size, the RFQ-generated Order may execute against such resting interest for the available quantity and against the confirmed RFQ Provider Quote for the remaining quantity. If the RFQ-generated Order cannot be filled in full, no execution shall occur.

(p) If, before execution of an RFQ-generated Order, the applicable Contract or any Leg or Constituent Contract of a Combination Contract settles, is voided, is suspended for settlement, or otherwise undergoes a state change that Ludlow determines materially affects the Payout Criterion, settlement, tradability, or fair and orderly execution of the RFQ-generated Order, Ludlow shall terminate the RFQ without execution. A Member wishing to trade after such state change must submit a new RFQ or enter a new Order.

(q) Ludlow may determine the interfaces through which RFQs may be submitted, including whether RFQs may be submitted through the website, mobile application, API, or other interface. Ludlow may establish different RFQ access permissions for RFQ Requestors and RFQ Providers, provided that such access criteria are impartial, transparent, and applied in a fair and non-discriminatory manner.

Rule 5.3 Member Order and Cancellation

(a) Entry:

(1) A Member will enter Orders to trade Contracts by electronic transmission over the Internet. Order rate limiter functionality will cap the maximum number of Orders that may be submitted to the Exchange per second (or per a specific time period expressed in seconds) per Member in order to prevent a risk of harm to Ludlow.

(2) In order to enter an Order to trade one or more Contracts, a Member will be required to submit the Order to Ludlow. Once the Order is accepted by Ludlow, Ludlow will assign to the Order an Order ID. This ID will appear next to the associated Order on the Member's Order Ticket and Order History account pages. The Member will be responsible for any and all Order entries confirmed for its account and accepted by Ludlow.

(3) Any Member submitting Orders, or any other messages directly to Ludlow, including but not limited to messages related to the cancellation or amendment of an Order, whether manually or via automated

functionality, must ensure adequate controls are in place to prevent excessive messaging or other activity that may be deemed detrimental or disruptive to Ludlow.

(b) Ludlow's trading system will keep an electronic record of all Orders to trade Contracts, and all executed Contract trades. The records kept by Ludlow will include all of the terms identified in Rule 5.2(b) as well as the date and time that the Transaction was completed to the nearest thousandth of a second and the Member ID, for all executed Contract trades and to the nearest thousandth of a second for all Orders to trade Contracts.

(c) A Member can submit instructions, via Ludlow's interface (website, mobile application, or API) to cancel an Order which that Member has placed on the Platform if that Order has not yet been executed. Upon submission of instructions to either cancel or modify an Order that has not been executed, the Ludlow system will withdraw the Order from the Order Book and confirm the cancellation of the Order.

Rule 5.4 Handling of Orders

(a) All trading on Ludlow's Order Book is conducted on a fully anonymous basis.

(b) Prohibition on disclosing orders:

(c) It is a violation of this Rule 5.4 for any Person to disclose another Person's Order to buy or sell any Contracts except as may be requested by Ludlow or the CFTC.

(d) It is a violation of this Rule 5.4 for any Person to act or direct another Person to act based on nonpublic order information, however acquired.

(e) Upon receipt of an instruction pursuant to Rule 5.3(c), Ludlow will attempt to cancel an existing Order as soon as possible. However, the Order may be executed before Ludlow is able to cancel it. If an Order has been filled in whole or in part, only that portion of the Order (if any) that has not been executed may be canceled.

(f) No Member shall use information received through an RFQ, including information regarding the Contract, requested Direction, requested size, Legs or Constituent Contracts, Quote, acceptance, confirmation, or failure to confirm, for any purpose inconsistent with these Rules. Without limiting the foregoing, no Member shall enter, modify, cancel, or cause another Person to enter, modify, or cancel an Order for the purpose of taking improper advantage of nonpublic RFQ information.

Rule 5.5 Disputed Orders

(a) If a Member believes that an Order to trade one or more Contracts was incorrectly executed or rejected by Ludlow, that Member may request a review of the Order by providing the Order number and/or the transaction number for the Order and stating the grounds for its disagreement with the handling of the Order.

(b) Upon receipt of a request for review of an Order and the Ludlow confirmation number, Ludlow will review its electronic audit trail to determine if the Ludlow trading system correctly interpreted and executed the Order.

(c) If the review described in paragraph (b) of this Rule reveals that the Ludlow trading system made a mistake, the Order will be canceled and the accounts of all Members that were party to the Order will be returned to their state before the Trade was executed.

(d) If the review described in paragraph (b) of this Rule reveals that the Ludlow trading system did not make a mistake, Ludlow will inform the Member who requested the review of its determination that the Order was properly handled, the evidence supporting that determination, and that an adjustment will not be made.

(e) A Member may appeal a determination under this Rule to the Compliance Department. The Member making the appeal will be required to provide a response to the evidence described in this Rule that the order was properly handled, and the Member may provide any other information it wishes to disclose. If the appeal does not contain a response to the evidence, it will be rejected. The Compliance Department will decide on the appeal no later than ten (10) days after its receipt, and that decision will be final.

(f) Ludlow will document in writing all requests for review of orders received by Ludlow, the time and manner in which Ludlow reviewed its electronic audit trail in response to the request, the outcome of that review, and the action or actions taken by Ludlow in response to that review, including the results of any appeal filed under paragraph (e) of this Rule and the review conducted by the Compliance Department in deciding that appeal.

Rule 5.6 Priority of Orders

Ludlow's Order Book matches Orders in an open and competitive manner, strictly according to price-time priority. Orders at a better price have priority over Orders at inferior prices. Among Orders at the same price, Orders are executed in the order in which they were received.

Rule 5.7 Filling Orders to Trade Contracts

(a) The Ludlow trading system will fill all Orders to trade Contracts on an "or better" basis.

(b) A written record of all terms of each Trade entered into on Ludlow or pursuant to the Rules will be available immediately upon execution. Ludlow will send confirmation messages to Members upon execution of a Trade through the medium appropriate for each Member. The contract type, size, and execution time for each Trade will be made available on the website after execution.

Rule 5.8 Trade Cancellations

(a) As a Contract Market, Ludlow has the authority to adjust Trade prices or cancel Trades when necessary to mitigate market disrupting events caused by malfunctions on its Platform.

(b) Ludlow, in its discretion and in accordance with these Rules, may cancel a Trade that has been executed on the market at a price that is inconsistent with prevailing market conditions due to improper or erroneous orders or quotes being matched on the Platform. Likewise, because of the nature of Ludlow Contracts, there will generally be no cancellation or adjustment of an erroneous Trade except in extraordinary circumstances as determined by Ludlow.

(c) In addition to a Contract adjustment raised under Chapter 7, Ludlow may review a Trade based on its own analysis of the market or pursuant to a request for review by a Member. A request for a review by a Member must be received by Ludlow no later than fifteen (15) minutes after the Trade has been executed on the Platform and before the Expiration of the Contract. Ludlow will promptly determine whether the Trade will be subject to review and then promptly post notice indicating that the Trade is under review.

(1) During the review, Ludlow will calculate a fair market value for the Contract at the time of the questioned Trade by utilizing the last traded price of the Contract at the time of the Trade and/or any other relevant market information obtained or presented to Ludlow.

(2) Once a fair market value has been calculated, a fifty (50) cent range will be added above and below such fair market value to determine the "No Cancellation Range." Ludlow reserves the right to override this range in extraordinary circumstances.

(3) If a Trade has been executed within the No Cancellation Range, the executed Trade will stand. If a Trade has not been executed within the No

Cancellation Range, Ludlow shall have the authority, but not the obligation, to cancel or adjust such Trade. Once a Trade is determined to be canceled or adjusted, Ludlow will:

(A) Notify all interested parties to the Trade as soon as practicable following such determination; and

(B) Publish its decision on the Ludlow website.

(4) The decisions of Ludlow regarding fair market value of the Contract, the No Cancellation Range, the cancellation of a Trade, or any other determination hereunder shall be final and not subject to appeal.

Rule 5.9 Viewing the Market and Executed Orders

Ludlow will, at all times, allow its Members to view the current best bid and offer on the Platform, the open interest, the trade volume, as well as the depth of the Order Book up to the fifth level of prices.

Rule 5.10 Hours for Trading Contracts

Trading shall be available at all times outside of any maintenance windows, which may be announced from time to time.

Rule 5.11 Prohibited Transactions and Activities

Except as otherwise permitted by these rules:

(a) Members are prohibited from entering Orders on the Platform if there are insufficient funds or Contracts in the Member's Account to satisfy such Orders if they are executed. Ludlow may, in its discretion, take such action against a Member if the circumstances warrant, subject to Rule 9.3 and Rule 9.8.

(b) No Member shall enter into or attempt to enter into any non-competitive Trade on the Platform, including any accommodation Trade or any Trade that has been directly or indirectly prearranged except as allowed under these Rules. For example, a Member may not agree in advance with another Member that one of the Members will enter an Order and the other Member will attempt to trade against that Order by timing the submission of orders or otherwise.

(c) No Member shall enter into or attempt to enter into any Trade on the Platform that:

(1) Does not result in a change in beneficial ownership;

(2) Is designed to inflate trading volume;

(3) In any way attempts to circumvent the Platform's order processing, trade ordering, trade execution systems, or otherwise to circumvent exposure of the order to open and competitive bidding on the Platform; or

(4) That has some other illegitimate purpose.

(d) No Member shall enter into any Trade designed or used to cause any price for a Contract other than a true and bona fide price to be reported, registered, or recorded by the Platform.

(e) No Member shall trade in, transfer, assign, or otherwise dispose of Contracts other than as provided for in these Rules.

(f) No Member shall enter into or agree to transfer or transfer the benefit of any position in any Contract to another Person other than through a transaction executed through the Platform.

(g) No Member shall trade for a Person other than itself, unless so authorized under these Rules.

(h) No Member may deposit funds or allow funds to be deposited into their Member Account unless the Member has the legal right to deposit those funds into their Member Account. Ludlow may deposit funds into a Member's Account, including but not limited to, in the event of an order cancellation, trade cancellation, expiration value adjustment, ledger adjustment, refund of wire transfer fees, or incentive program.

(i) No Member shall engage in any activity that presents a risk of harm to Ludlow, its Members, or the public.

(j) No Member shall engage in any activity that adversely affects the integrity of the Platform or its underlying systems.

(k) No Member subject to arbitration under these rules shall fail to abide by an arbitration decision or award handed down under Chapter 11.

(l) No Member shall intentionally provide misleading, erroneous, or fraudulent information to Ludlow on a Member Application or otherwise.

(m) No Member shall create a false appearance of a partnership, agency, employment, or affiliate relationship with Ludlow and no Member shall unlawfully solicit Member funds for deposit at Ludlow.

(n) No Member may operate or solicit in any capacity that may require registration with the CFTC without being properly registered.

(o) No Member shall engage in any activity that is intended to, or has the effect of, manipulating the market in violation of Sections 6(c) and 9(a)(2) of the CEA and no Member shall engage in any other activity that would violate the CEA or the CFTC's Regulations.

(p) No Member shall engage in conduct or practices inconsistent with just and equitable principles of trade or conduct or practices detrimental to the best interests of the Exchange and its Members.

(q) No Member shall engage in any pre-arranged, manipulative, fraudulent, or disruptive trading practices prohibited by the CEA or by the CFTC pursuant to its regulations, including but not limited to any trading activity intended to accomplish a "money pass", "wash trade" or "front-running" as such terms are defined by the CFTC and any of its regulations.

(r) No Member shall deposit funds into its Member Account from an account which does not hold sufficient funds at the time of deposit, and at the time the deposit is presented by Ludlow for payment.

(s) No Member shall make a false representation to a third party regarding any deposit made into that Member's Account which would result in a chargeback or stop payment of funds to the Member Account.

(t) No Member shall allow their Member Account balance to become negative by any means. In the event that a Member Account balance becomes negative, the Member must immediately deposit additional funds to correct the deficiency. Any Member whose Member Account carries a negative balance for thirty (30) days or more is subject to summary termination of membership. Ludlow may, in its discretion, take such other action against a Member if the circumstances warrant, subject to Rule 9.3 and Rule 9.8.

(u) If a Member is an Insider that has access to material nonpublic information that is the subject of an Underlying of any Contract or that has the ability to exert any influence on the subject of an Underlying of any Contract, that Member is prohibited from attempting to enter into any trade or entering into any trade, either directly or indirectly, on the market in such Contracts. An "Insider" means any Member who has access to or is in a position to have access to material nonpublic information before such information is made publicly available. A Member who is an employee or affiliate of a Source Agency for any Contract is prohibited from attempting to enter into any trade or entering into any trade, either directly or indirectly, on the market in such Contracts.

(v) If a Member is a decision maker, either directly or indirectly, or has any influence, either directly or indirectly, no matter the scale and importance of the influence,

on the outcome of the Underlying (event) of any Contract, that Member is prohibited from attempting to enter into any trade or entering into any trade, either directly or indirectly, on the market in such Contracts.

(w) No Member shall engage in any activity that constitutes fraudulent or abusive trading, including but not limited to violating bids or offers, demonstrating intentional or reckless disregard for the orderly execution of transactions during the closing period, or spoofing.

(x) No Member shall, directly or indirectly, intentionally or recklessly:

(1) Use or employ, or attempt to use or employ, any manipulative device, scheme, or artifice to defraud;

(2) Make, or attempt to make, any untrue or misleading statement of a material fact, or omit to state a material fact necessary in order to make the statements made not untrue or misleading; or

(3) Engage, or attempt to engage, in any act, practice, or course of business, which operates or would operate as a fraud or deceit upon any Person.

(y) No Member shall submit an RFQ, Quote, acceptance, confirmation, failure to confirm, or related message for the purpose of entering into a non-competitive Trade, prearranged Trade, accommodation Trade, wash Trade, fictitious Trade, or other Trade prohibited by this Rule 5.11. No Member shall use the RFQ process to evade exposure to open and competitive bidding on the Platform, to extract pricing information without a bona fide intent to trade, or to disrupt the fair and orderly operation of Ludlow.

Rule 5.12 Position Accountability

(a) Ludlow imposes Position Accountability Levels on all Contracts as specified in each Contract's terms and conditions, except for those Contracts where Ludlow imposes a Position Limit under Rule 5.13.

(b) Any Member who exceeds a Position Accountability Level is required to provide to the Compliance Department all information regarding its position that the Compliance Department deems necessary.

(c) A Member whose position exceeds the Position Accountability Level must refrain from increasing the size of their position or reduce the size of their position in a timely fashion if instructed to do so by Ludlow. If a Member fails to reduce a position as instructed by Ludlow's Compliance Department, Ludlow shall have the authority to liquidate the applicable position to a level below the Position Accountability Level or a limit imposed on the Member under this paragraph.

(d) Violations of the requirements in this Rule, including the requirement to provide information to Ludlow's Compliance Department, may result in disciplinary action in accordance with Chapter 9.

(e) For purposes of position accountability, surveillance, risk controls, and market-integrity reviews, Ludlow may aggregate positions in Combination Contracts with positions in their Legs, Constituent Contracts, related Contracts, and other Combination Contracts that reference one or more of the same Legs or Constituent Contracts, in such manner as Ludlow determines is reasonably designed to prevent evasion and protect market integrity.

Rule 5.13 Position Limits

(a) Ludlow may impose Position Limits on all Contracts, which will be specified in each Contract's terms and conditions. Any Member who exceeds a Position Limit shall be deemed in violation of this Rule. In addition, any Member entering bids or offers, if accepted, which would cause that Member to exceed the applicable Position Limit shall be in violation of this Rule. As described in Chapter 4, a Market Maker is not subject to the Position Limits imposed under this Rule 5.13 in regard to Contracts for which the Market Maker is required to adhere to Market Maker obligations under Chapter 4.

(b) If a Member fails to reduce any position in a manner and time as directed by Ludlow, Ludlow shall have the authority to liquidate the applicable position to a level below the defined Position Limit stipulated under the relevant Contract.

(c) In addition to the restrictions and requirements imposed in this Rule 5.13, the first violation of a Position Limit by a Member may result in a letter of warning to be issued by the Ludlow Compliance Department to the Member or the initiation of proceedings in accordance with Chapter 9.

(d) In addition to the restrictions and requirements placed in this Rule 5.13, any subsequent violation of a Position Limit by a Member within twelve (12) months after a violation that resulted in a letter of warning, will result in the initiation of proceedings in accordance with Chapter 9.

(e) Ludlow may establish a Reportable Position level, a Position Accountability Level, or a Position Limit for Contracts. This information may be used by Ludlow's Compliance to conduct surveillance.

(f) Position limits shall apply to:

(1) All positions in accounts for which any Person by power of attorney or otherwise, directly or indirectly holds positions or controls trading; and

(2) Positions held by two or more Persons acting pursuant to an express or implied agreement or understanding the same as if the positions were held by, or the trading of the position were done by, a single Person.

(g) In no instance may a Member's position exceed any applicable limit established by the CFTC.

(h) For purposes of position limits, Ludlow may aggregate positions in Combination Contracts with positions in their Legs, Constituent Contracts, related Contracts, and other Combination Contracts that reference one or more of the same Legs or Constituent Contracts, in such manner as Ludlow determines is reasonably designed to prevent evasion and protect market integrity.

Rule 5.14 Opening of Trading in a Contract

(a) Each Contract will commence trading on the day and at the time that Ludlow has announced.

(b) Ludlow shall announce the date of the first day of trading in a Contract as well as the time of day when Members may first enter bids and offers in the Contract on the Platform; provided, however, Ludlow may conduct an auction upon initial listing of a Contract for trading in accordance with Rule 5.15.

(c) Ludlow will provide sufficient prior notice of any contract opening. For the purpose of this Rule, one (1) hour will be deemed sufficient notice.

(d) After it is opened, each Contract will be continuously available for trading until it settles finally in accordance with its Contract rules.

Rule 5.15 Auction

(a) If Ludlow determines to conduct an auction it will provide notification to the Ludlow marketplace on its website, along with the rules of the auction.

(b) Ludlow will match and execute the greatest possible number of Orders entered during the auction. The price at which the Orders are executed by the Exchange will be published as the auction price. If no Orders can be matched and executed during the auction, no auction price will be published.

(1) In the event no Orders were matched, Ludlow may determine to conduct another auction after sufficient notice has been provided to the market at the start of the pre-trade period. For the purpose of this paragraph, five (5) minutes will be deemed sufficient notice.

(2) An Order placed during the previous pre-trade period will be held in the Order Book and will be eligible for execution during the auction unless the Order is canceled by the Member prior to the start of the pre-trade period.

(c) Orders entered during an auction that were not matched and executed by Ludlow may remain in the Order Book unless they are canceled by the Member. They may be executed during the subsequent trading in the Contract.

(d) Ludlow will post the matching procedures it uses for auctions on the Exchange website.

CHAPTER 6: CLEARING AND SETTLING CONTRACT TRADES, SETTLEMENT, AND WITHDRAWAL REQUESTS

Rule 6.1 Clearance

(a) Clearinghouse shall clear all Transactions executed pursuant to Chapter 5.

(b) All Member positions are fully cash collateralized. No Member may take positions that would lead to an exposure that exceeds the funds deposited in the relevant Member Account.

(c) If a trade is rejected for clearing by Clearinghouse for any reason, such trade is void ab initio.

(d) In the event of any conflict or inconsistency between these Rules and the Clearinghouse rules with respect to any Member's responsibilities or obligations under the Clearinghouse rules, the Clearinghouse rules shall prevail. As stated in Chapter 3, all Members are bound by the Clearinghouse rules.

Rule 6.2 Settlement

(a) For an event contract swap, when a Contract expires and has a Payout Criterion that encompasses the Expiration Value of the Underlying, such Contract will pay the Settlement Value for such Contracts.

(b) A Combination Contract expires and is settled after each Leg has settled or has been valued as a Voided Leg under paragraph (c) of this Rule, or, if any Leg has settled contrary to the Direction specified for that Leg, at such earlier time as Ludlow may determine. Before Settlement, Ludlow may, at its sole discretion, initiate the Market Outcome Review Process as provided in Rule 7.1 for any constituent Outcome.

(c) Unless otherwise specified in the applicable Contract Specifications:

(1) The settlement values in this Rule 6.2(c) are stated for positions in the YES Direction of the Combination Contract. Positions in the NO Direction shall settle at $1.00 minus the applicable settlement value.

(2) A Combination Contract shall settle at $0.00 if any Leg settles contrary to the Direction specified for that Leg.

(3) A Combination Contract shall settle at $1.00 if every Leg settles in the Direction specified for that Leg.

(4) If no Leg settles contrary to its specified Direction and one or more Legs is voided, cancelled, postponed beyond the period specified by Ludlow, or otherwise does not settle in or contrary to its specified Direction (a "Voided Leg"), the Combination Contract shall settle at the product of the values of its Legs, rounded to the nearest ten-thousandth. Each Leg that settles in its specified Direction shall be valued at $1.00, and each Voided Leg shall be valued at the settlement value determined under the rules of the underlying market for a position in the Direction specified for that Leg, ordinarily the last traded price for that Direction.

(5) A Combination Contract shall not be voided, cancelled, or refunded on account of a Voided Leg. Ludlow shall retain applicable fees in all settlement outcomes under this Rule 6.2(c).

(6) Ludlow may specify additional or alternative settlement rules for Combination Contracts in the applicable Contract Specifications.

(d) Ludlow has sole discretion to interpret a Contract's terms and conditions. If, when a Contract expires, it cannot be determined whether the Expiration Value of the Underlying is within the scope of the Payout Criterion, or if it cannot be determined from the Payout Criterion what proportion of the Settlement Value should be distributed to long and short positions, Ludlow will determine the payouts to the holders of long and short positions in such Contracts. This includes, but is not limited to, circumstances where the Underlying cannot be measured and this contingency is not explicitly addressed in the Contract terms. To determine the payouts in these circumstances, Ludlow may implement the following methodologies:

(1) If available, Ludlow may use the last traded price of the Contract to determine the payout (e.g., a Contract that last traded at $0.10 for the long side and $0.90 for the short side would pay out $0.10 to holders of long positions and $0.90 to the holders of short positions).

(2) If a last traded price is not available, or if Ludlow determines at its sole discretion that the most recent last traded price does not represent a fair settlement, the Outcome Review Committee will be responsible for making a binding determination of fair allocation. Determinations of the Outcome Review Committee are final and not subject to review.

(3) When circumstances warrant, in Ludlow's sole discretion, Ludlow may void a trade ab initio.

(e) On the Settlement Date, Ludlow will cause and/or instruct Clearinghouse to:

(1) Notify all Members whether they will receive a Settlement Value;

(2) Settle the Contracts by paying settlement amounts to the appropriate accounts and collecting settlement amounts from appropriate accounts; and

(3) Delete all Contracts from Members' accounts, as applicable.

(f) Ludlow will distribute notification electronically at Settlement to all Members who hold the relevant Contract.

(g) Members are responsible for providing accurate account numbers to allow Ludlow and Clearinghouse to effect transfers to Members.

CHAPTER 7: MARKET OUTCOME REVIEW AND ADJUSTMENTS NECESSITATED BY MATERIAL CHANGES IN THE UNDERLYING

Rule 7.1 The Market Outcome Review Process

(a) Before Settlement, Ludlow may initiate the Market Outcome Review Process, at its sole discretion and by taking into account several factors including any circumstances that may have a material impact on the reliability or transparency of the Underlying related to the Contract. Under this process, the Outcome Review Committee will determine the final Market Outcome. Settlement will occur on the date that the Outcome Review Committee reaches a determination on the Contract's final Market Outcome. If the Market Outcome Review Process is initiated, Ludlow will post on its website that the Contract's Market Outcome is under review.

(b) The Outcome Review Committee shall review all relevant evidence and determine a final Market Outcome within a twenty-four (24) hour period after the Market Outcome Review Process is initiated.

(c) The Outcome Review Committee has full discretion in resolving the Market Outcome Review Process. The determinations made by the Outcome Review Committee are final.

(d) To the extent applicable, the Market Outcome Review Process set forth in this Rule 7.1 is subject to the terms and procedures set forth in Rule 2.10.

Rule 7.2 Contract Modifications

(a) 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, Ludlow retains the authority to designate a new Source Agency and Underlying for that Contract and to change any associated contract specifications after the first day of trading. That new Source Agency and Underlying would be objective and verifiable. Ludlow would announce any such decision on its website.

(b) If any circumstance arises which would prevent the Expiration Value from being determined accurately at Expiration, including but not limited to the rescheduling or cancellation of an event whose outcome governs a Contract's Underlying, or delayed data from a source, Ludlow shall have the power to adjust the Expiration Date and the timing of Expiration of the Contract, which will be announced on its website.

(c) If an Expiration Value that is included in the Payout Criterion of a Contract occurs prior to the Expiration Date of a Contract, Ludlow may adjust the Expiration Date and the timing of Expiration to be earlier, which will be announced on its website.

(d) If the Exchange modifies the Expiration Date in accordance with this Rule, whether by advancing or extending such date, the Contract's Last Trading Date and Time shall be adjusted accordingly. In no event shall trading in the Contract continue after the modified Expiration Date. The Exchange may, in its discretion, set the Last Trading Date and Time to occur prior to the modified Expiration Date where it determines that doing so is necessary to preserve the fairness or integrity of the market, including where the Expiration Value is reasonably likely to become ascertainable in advance of the modified Expiration. In the event of successive modifications to the Expiration Date, the Last Trading Date and Time shall be adjusted each time in accordance with this paragraph.

(e) To the extent applicable, the contract modification process set forth in this Rule 7.2 is subject to the terms and procedures set forth in Rule 2.10.

CHAPTER 8: INVESTMENT OF MEMBER FUNDS

Rule 8.1 Investment of Member Funds

(a) Ludlow does not hold or invest Member funds.

(b) Member funds on deposit with Clearinghouse will be held in the manner set forth in the Clearinghouse Rulebook.

(c) Member funds may be invested by Clearinghouse to the extent allowed in the Clearinghouse Rulebook.

(d) Clearinghouse may pay interest to Members' Accounts at a rate to be determined by Clearinghouse on funds in Members' Accounts in excess of an amount to be determined by Clearinghouse.

(e) Ludlow may pay interest to Members' Accounts at a rate to be determined by Ludlow on some or all of the funds held in Members' Accounts as determined by Ludlow.

CHAPTER 9: DISCIPLINE AND RULE ENFORCEMENT

Rule 9.1 Monitoring the Market

(a) Ludlow shall conduct and oversee market surveillance and trade practice surveillance to alert Ludlow when potentially unusual trading activity takes place. Ludlow has contracted with the NFA to provide certain regulatory services pursuant to a regulatory services agreement (the "Regulatory Services Agreement"). In accordance with the Regulatory Services Agreement, the NFA may perform certain surveillance, investigative, and regulatory functions under the Rules and Ludlow may provide information to the NFA in connection with the performance by the NFA of those functions. Without limitation of the foregoing, any of the powers or functions of Ludlow under these Rules may be delegated to the NFA pursuant to the Regulatory Services Agreement in such manner and on such terms as Ludlow and the NFA may mutually agree, consistent with Applicable Law. The Compliance Department will conduct continuous real-time monitoring of trading activity on the Platform to identify potential market disruptions, system anomalies, or other issues requiring immediate attention.

(b) All Persons within Ludlow's jurisdiction are subject to this Chapter 9 if they are alleged to have violated, to have aided and abetted a violation, to be violating, or to be about to violate, any Rule or any provision of Applicable Law for which Ludlow possesses disciplinary jurisdiction.

Rule 9.2 Investigations

(a) Ludlow or its regulatory service provider may investigate any potential irregularities or exceptions it identifies in connection with the services it provides to Ludlow.

(b) Ludlow or its regulatory service provider shall commence an investigation upon the receipt of a request from CFTC staff or upon the discovery or receipt of information by Ludlow that indicates a reasonable basis for finding that a violation may have occurred or will occur.

(c) During an investigation, Ludlow or its regulatory service provider may conduct certain investigatory activities, including collecting documents and statements under oath from a Member under investigation.

(d) Upon identifying potential Rule violations or anomalous activity, the Compliance Department may refer the activity to the regulatory service provider for investigation.

(e) If the regulatory service provider has a reasonable basis to believe that a Rule violation has occurred, the regulatory service provider shall prepare a written report (the "Investigation Report"), which shall comply with relevant CFTC Regulations and summarize the investigative findings. The Investigation Report shall include:

(1) The reason the investigation was initiated;

(2) A summary of the complaint, if any;

(3) The relevant facts;

(4) The investigator's analysis and conclusions; and

(5) A recommendation as to whether disciplinary action should be pursued.

(f) The regulatory service provider shall forward the Investigation Report to the Chief Compliance Officer, with a copy to the Chief Regulatory Officer, for further action as may be appropriate in accordance with Ludlow's disciplinary rules and process.

(g) If the regulatory service provider determines that no reasonable basis exists for finding a Rule violation, the regulatory service provider will notify the Chief Compliance Officer, with a copy to the Chief Regulatory Officer, and prepare an Investigation Report that includes: the reason the investigation was initiated; a summary of the complaint, if any; the relevant facts; and the investigator's analysis and conclusions.

(h) Absent mitigating factors, the regulatory service provider shall provide the Investigation Report in sufficient time to enable Ludlow to complete the investigation within twelve (12) months from the date of opening the investigation.

Rule 9.3 Disciplinary Hearings and Appeals

(a) The Notice of Charges

(1) If, after reviewing the Investigation Report, the Chief Compliance Officer, in consultation with the Chief Regulatory Officer, determines that a reasonable basis exists for finding a violation of the Rules or Applicable Law and that adjudication is warranted, then the Chief Compliance Officer shall initiate a disciplinary proceeding and issue a Notice of Charges to the last known email address of the Member or Authorized Trader (the "Respondent").

(2) The Notice of Charges shall:

(A) State the acts, conduct, or practices that the Respondent is alleged to have engaged in;

(B) State the Rule or Applicable Law alleged to have been violated (or about to be violated);

(C) Advise the Respondent that they are entitled, upon request, to a hearing on the charges;

(D) Advise the Respondent of their right to have counsel or representation;

(E) State the period within which a hearing on the charges may be requested;

(F) State the proposed penalty or penalties;

(G) Advise the Respondent that the failure to request a hearing within the period prescribed in the Notice of Charges, except for good cause, may be deemed a waiver of the right to a hearing; and

(H) Advise the Respondent that the failure to answer or deny a charge in the Notice of Charges may be deemed to be an admission of such charge.

(b) Respondent's Answer

(1) If the Respondent decides to contest some or all of the charges in the Notice of Charges, then Respondent must submit an Answer to the Compliance Department by email within fifteen (15) business days of receiving the Notice of Charges.

(2) The Respondent's Answer must specify the allegations that the Respondent admits or denies and provide any specific facts that contradict the Notice of Charges or support an affirmative defense.

(3) If the Respondent fails to timely submit an Answer to the Notice of Charges, Ludlow will deem such failure an admission to the allegations in the Notice of Charges. The Chief Compliance Officer will impose the penalty (if any) proposed in the Notice of Charges.

(4) If the Respondent fails to answer an allegation in the Notice of Charges, Ludlow will deem such failure an admission of that allegation.

(5) If the Respondent fails to expressly deny an allegation in the Notice of Charges, Ludlow will deem such failure an admission of that allegation.

(6) In general, the Respondent may review all relevant books, documents, or other evidence in the possession or under the control of Ludlow.

(7) Notwithstanding the general rule, Ludlow may withhold books, documents, or other evidence in its possession or control that: are privileged or constitute attorney work product; were prepared by any employee of Ludlow but will not be offered as evidence in the disciplinary proceeding; may disclose a technique or guideline used in examinations, investigations, or enforcement proceedings; or disclose the identity of a confidential source.

(c) Disciplinary Hearing

(1) If the Respondent contests the findings and conclusions, the Notice of Charges and Respondent's Answer shall be referred to the Disciplinary Panel for a hearing.

(2) A disciplinary hearing shall be scheduled within twenty (20) business days of the Disciplinary Panel receiving the Respondent's Answer.

(3) Disciplinary hearings may be conducted by telephone or video conference unless the Respondent elects to appear in person.

(4) The disciplinary hearing must be fair and impartial.

(5) The Respondent has the right to: representation by counsel; present evidence; call witnesses; and cross-examine witnesses.

(6) Prior to the disciplinary hearing, the parties may, but are not required to, submit proposed findings, briefs, and exhibits (including affidavits).

(7) Formal rules of evidence do not apply to the disciplinary hearing.

(8) Persons within Ludlow's jurisdiction who are called as witnesses must participate in the disciplinary hearing and produce evidence, as requested.

(9) Ludlow shall make reasonable efforts to secure the presence of all other persons called as witnesses whose testimony would be relevant.

(10) The Compliance Department, or the regulatory service provider on the Compliance Department's behalf, is responsible for presenting its case on all charges and proposed penalties that are the subject of the hearing.

(11) A decision by a majority of the Disciplinary Panel will constitute the decision of the Disciplinary Panel.

(12) Disciplinary hearings shall be recorded.

(13) The Compliance Department shall preserve all information submitted by the parties, the Disciplinary Panel's findings, and the recording of the hearing.

(14) A transcript of the disciplinary hearing will be prepared at the request of the CFTC or Respondent, or in the event the decision is appealed to the Appeals Panel.

(d) Disciplinary Decision

(1) The Disciplinary Panel shall issue a written decision within twenty (20) business days after the disciplinary hearing.

(2) The Disciplinary Panel's written decision shall include:

(A) A summary of the charges and any response to the charges;
(B) A summary of the evidence received;
(C) Findings and conclusions with respect to each charge;
(D) Each specific Rule or Applicable Law that the Respondent was found to have violated, if any;
(E) The penalty to be imposed on the Respondent, if any;
(F) The effective date and duration of the proposed penalty; and
(G) A statement that the Respondent has the right to appeal any adverse decision by the Disciplinary Panel to the Appeals Panel and must do so within fifteen (15) business days.

(3) The decision by the Disciplinary Panel is final on the date it is signed by a member of the voting majority.

(4) If no timely appeal is filed, the decision becomes the final decision of Ludlow.

(e) Appeals

(1) Either party may appeal the decision of the Disciplinary Panel within fifteen (15) business days by email to the Appeals Panel.

(2) Any penalties are stayed pending appeal unless the Disciplinary Panel determines that a stay pending appeal would likely be detrimental to Ludlow, other Members, or the public.

(3) The Appeals Panel will review the hearing record and any additional information submitted by the Compliance Department and the Respondent on appeal.

(4) The Appeals Panel shall issue a written decision that will become final on the date of issuance. The written decision shall include the same categories of information included in the Disciplinary Decision, as well as: a statement that the Respondent may have a right to appeal the action pursuant to Part 9 of the CFTC's Regulations, within thirty (30) days of service; and a statement that the Respondent may petition the CFTC for a stay pursuant to Part 9 of the CFTC's Regulations, within ten (10) days of service.

(5) The Appeals Panel shall issue the written decision to the Respondent's last known email address.

Rule 9.4 Disciplinary Panel and Appeals Panel

(a) Disciplinary Panel

(1) The Disciplinary Panel shall be appointed by the Board, established prior to the commencement of each disciplinary proceeding, and composed of at least three individuals, including at least one person who would not be disqualified from serving as a Public Director.

(2) The Disciplinary Panel shall be responsible for conducting hearings, rendering decisions, and imposing sanctions with respect to any Disciplinary Action.

(3) 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.

(4) No member of the Disciplinary Panel shall (i) have a direct interest (financial, personal or otherwise) in the disciplinary matter; (ii) operate under the direction or control of any person or persons with trading privileges on the Platform; (iii) have interests that conflict with their enforcement duties; (iv) be a member of the Compliance Department or any person involved in adjudicating any other stage of the same proceeding.

(5) A separate Disciplinary Panel shall be established prior to the commencement of each disciplinary matter.

(b) Appeals Panel

(1) The Appeals Panel shall be composed of at least three individuals appointed by the Chief Regulatory Officer, including at least one person who would not be disqualified from serving as a Public Director.

(2) The Appeals Panel shall be responsible for conducting hearings of appeals of decisions of the Disciplinary Panel, rendering decisions of such appeals, and imposing sanctions with respect to such appeals.

(3) The Appeals Panel shall have such other powers and perform such other duties as set forth in these Rules and as the Board may determine from time to time.

(4) Members of the Compliance Department shall not be eligible to serve on the Appeals Panel.

(5) Members of a Disciplinary Panel may not serve on an Appeals Panel for the same matter.

Rule 9.5 Settlement of Investigations

(a) Ludlow may enter into a settlement with any Member who is the subject of an investigation. The Member may initiate a settlement offer within fifteen (15) business days of receiving the Notice of Charges. The settlement offer must be signed by the Respondent, submitted to the Compliance Department, and should contain proposed findings and a proposed penalty or penalties. Any settlement offer shall be forwarded to the Chief Compliance Officer with a recommendation by the Compliance Department that the proposed settlement be accepted, rejected, or modified. A settlement offer may be withdrawn at any time before it is accepted by the Chief Compliance Officer.

(b) The Chief Compliance Officer may accept or reject a proposed settlement, and the decision of the Chief Compliance Officer will be final. In addition, the Chief Compliance Officer may propose modifications to any element of the proposed settlement, including the proposed findings and the proposed penalty or penalties, for consideration by the Respondent or its authorized representative and the Compliance Department.

(c) Any settlement under this Rule will be written and will state:

(1) The charges or a summary of the charges;

(2) The response, if any, or a summary of the response;

(3) A summary of the investigation conducted;

(4) Agreed findings and conclusions as to each charge, including each act the person charged was found to have committed or omitted, be committing or omitting, or be about to commit or omit, and each of these Rules that such act or practice violated, is violating, or is about to violate; and

(5) Any penalty imposed and the penalty's effective date.

(d) Failed settlement negotiations, or withdrawn settlement offers, will not prejudice a Member or otherwise affect subsequent procedures in the rule enforcement process.

Rule 9.6 Notice and Publication of Disciplinary Action

(a) Ludlow will provide to the Person charged, notice of the disciplinary action, appeal determination, or settlement in which sanctions are imposed, no later than two (2) business days after it becomes final in accordance with the provisions of CFTC Regulation 9.11.

(b) Ludlow will make public notice of the disciplinary action by posting on its website, in accordance with CFTC Regulation 9.13, the information required by CFTC Regulation 9.11. The disciplinary action will be considered final on the date the notice of the disciplinary action is published on the Ludlow website.

Rule 9.7 Penalties

(a) As a result of a disciplinary proceeding or as part of a settlement, Ludlow may impose one or more of the following penalties, commensurate with the violation committed, in consideration of any relevant disciplinary history, and including full restitution where Member harm is identified and where such restitution can be reasonably determined:

(1) A letter of warning, although Ludlow may not issue more than one such letter to the same Person found to have committed the same rule violation within a rolling twelve (12) month period;

(2) A fine or penalty fee for each violation of any Rule or Applicable Law sufficient to deter recidivism, which Ludlow may cause and/or instruct Clearinghouse to deduct from the relevant Member Account balance;

(3) Disgorgement of profits that resulted from the violation of any Rule, plus the cost of damages to any unoffending counterparties, which Ludlow may cause and/or instruct Clearinghouse to deduct from the relevant Member Account balance;

(4) Suspension of Trading or Member status or privileges for a specified period, including partial suspension of such privileges (for example, suspension of trading privileges in particular types of Contracts or of placement of certain types of orders);

(5) Revocation of Trading or Member status or privileges, including partial revocation of such privileges (for example, revocation of trading privileges in particular types of Contracts or of placement of certain types of orders); and

(6) Interest, at the prime rate, as reported by the Wall Street Journal as of the date the amount becomes due, on any outstanding account balance, monetary fine, penalty fee, or disgorgement amount owed, compounded monthly and calculated from the date when the amount was first due and payable.

Rule 9.8 Summary Suspension

(a) Ludlow may summarily suspend or restrict Trading or Member privileges if the Chief Compliance Officer believes suspension or restriction is necessary to protect the markets, Ludlow, the public, or other Members.

(b) Whenever practicable Ludlow will notify the Authorized Traders or Members whose privileges are to be summarily suspended by email before the action is taken. If prior notice is not practicable, the Member shall be served with notice by email at the earliest opportunity. This notice shall:

(1) State the action taken or to be taken;

(2) Briefly state the reasons for the action;

(3) State the time and date when the action became or becomes effective and its duration; and

(4) State that any Member aggrieved by the action may petition the CFTC for a stay of the effective date of the action pending a hearing pursuant to Part 9 of the CFTC's Regulations, within ten (10) days of service.

(c) The Authorized Traders or Member whose privileges are to be summarily suspended shall be given an opportunity for appeal under the procedures outlined in Rule 9.3(e). The decision affirming, modifying, or reversing the summary suspension shall be furnished by email to the suspended Authorized Trader or Member and the CFTC no later than one (1) business day after it is issued. The decision shall contain:

(1) A description of the action taken and the reasons for the action;

(2) A brief summary of the evidence received during the appeal process;

(3) Findings and conclusions;

(4) A determination as to whether the summary action that was taken should be affirmed, modified, or reversed;

(5) A declaration of any action to be taken against the suspended Member as the result of that determination;

(6) The effective date and duration of that action;

(7) A determination of the appropriate relief based on the findings and conclusions;

(8) A statement that any person aggrieved by the action may have a right to appeal the action pursuant to Part 9 of the CFTC's Regulations, within thirty (30) days of service; and

(9) A statement that any person aggrieved by the action may petition the CFTC for a stay pursuant to Part 9 of the CFTC's Regulations, within ten (10) days of service.

Rule 9.9 Representation by Counsel

An Authorized Trader or Member who is a subject of any proceedings under this Chapter has the right to retain and be represented by counsel or any other representative of its choosing in all succeeding stages of the disciplinary process at its own expense, except any member of Ludlow's Board of Directors or Disciplinary Panel, any employee of Ludlow, or any person substantially related to the underlying investigations, such as a material witness or a respondent.

Rule 9.10 Reporting Violations to the CFTC

(a) Whenever Ludlow suspends, expels, fines or otherwise disciplines or denies any Person access to the Platform, Ludlow will make the disclosures required by CFTC Regulations.

(b) Ludlow will submit to the CFTC a schedule listing all those Ludlow Rule violations which constitute disciplinary offenses as defined in paragraph (a)(6)(i) of CFTC Regulation 1.63 and, to the extent necessary to reflect revisions, will submit an amended schedule within thirty (30) days of the end of each calendar year. Ludlow will maintain the schedule required by this section and post the schedule on Ludlow's website.

(c) Ludlow will submit to the CFTC within thirty (30) days of the end of each calendar year a certified list of any Persons who have been removed from any Disciplinary Panel, the Board or any Ludlow committee pursuant to these Rules or Applicable Law during the prior year.

(d) Whenever Ludlow finds by final decision that a Person has violated a Rule or otherwise committed a disciplinary offense and such finding makes such Person ineligible to serve on Ludlow's Disciplinary Panel, Ludlow committees, or the Board, Ludlow shall inform the CFTC of such finding and the length of the ineligibility in a notice it is required to provide to the CFTC pursuant to either CEA Section 17(h)(1) or CFTC Regulation 9.11.

CHAPTER 10: INFORMAL DISPUTE RESOLUTION

Rule 10.1 Scope

This Chapter 10 applies to any Dispute. For the avoidance of doubt, this Chapter 10 does not apply to disputes between Members, which are governed by Chapter 11.

Rule 10.2 Condition Precedent to Arbitration

Compliance with the informal dispute resolution process set forth in this Chapter 10 and the Member Agreement is a condition precedent to a Member commencing any arbitration or other formal proceeding against Ludlow or any other Ludlow Party under Chapter 11 or otherwise.

Rule 10.3 Notice of Dispute and Informal Resolution Process

A Member initiating a Dispute must submit a written Notice of Dispute to Ludlow and engage in good faith informal resolution efforts, including, if requested by Ludlow, an individual informal conference by telephone or videoconference, in each case in accordance with the requirements, content, timing, and procedures set forth in the Member Agreement.

Rule 10.4 Tolling

Any applicable limitations period or other deadline relating to a Dispute, including the two (2) year period set forth in Rule 12.3(b), shall be tolled solely for the period during which the parties initiate and engage in the informal dispute resolution process set forth in this Chapter 10 and the Member Agreement.

CHAPTER 11: ARBITRATION

Rule 11.1 Member vs. Member Disputes

Any dispute, controversy, or claim between or among Members (including their Authorized Traders) related to or arising out of any Contract executed on the Platform, or otherwise related to or arising out of a Member's membership in or use of Ludlow, shall be resolved by binding arbitration in New York, New York, in accordance with the Member Agreement. Any award shall be final and binding and may be enforced in any court of competent jurisdiction.

Failure by a Member or Authorized Trader to arbitrate a claim subject to this Rule 11.1, the commencement of a suit in any court in lieu of such arbitration, or the failure to timely satisfy an award rendered hereunder, violates these Rules and subjects such Member or Authorized Trader to disciplinary proceedings under Chapter 9, including summary suspension under Rule 9.8, unless the parties mutually agree otherwise.

Rule 11.2 Member vs. Exchange Disputes

Any Dispute shall be resolved by final and binding arbitration administered by JAMS in New York, New York, in accordance with the Member Agreement. The arbitration shall be governed by the Federal Arbitration Act, notwithstanding any other choice of law set forth in this Rulebook or the Member Agreement, and any issues concerning the scope, validity, enforceability, or arbitrability of the arbitration provisions shall be delegated to the arbitrator.

Compliance with the informal dispute resolution process set forth in Chapter 10 of this Rulebook and the Member Agreement is a condition precedent to a Member commencing arbitration under this Rule 11.2. Any award issued under this Rule 11.2 shall be final and binding on the parties and may be enforced in any court of competent jurisdiction.

Rule 11.3 Class Action Waiver

To the maximum extent permitted by Applicable Law, any Dispute between a Member and Ludlow or any other Ludlow Party shall be brought only on an individual basis and not as a class, collective, consolidated, representative, private attorney general, or qui tam action, in each case in accordance with the Member Agreement. This Rule 11.3 does not apply to disputes between or among Members.

This Rule 11.3 is non-severable from Rule 11.2 (Member vs. Exchange Disputes). If this Rule 11.3 is found unenforceable as to a particular Dispute, remedy, or form of relief, Rule 11.2 shall be null and void as to such Dispute, remedy, or form of relief, and the matter shall instead be resolved in a court of competent jurisdiction.

CHAPTER 12: GENERAL PROVISIONS

Rule 12.1 Property Rights

Each Member hereby acknowledges and agrees that Ludlow owns and shall retain all right, title and interest in and to Ludlow, all components thereof, including, without limitation, all related applications, all application programming interfaces, user interface designs, software and source code and any and all intellectual property rights therein, including, without limitation, all registered or unregistered, as applicable, copyright, trademark, service mark, trade secret, trade name, data or database rights, design rights, moral rights, inventions, whether or not capable of protection by patent or registration, rights in commercial information or technical information, including know-how, research and development data and manufacturing methods, patent, and other intellectual property and ownership rights, including applications for the grant of any of the same, in or to Ludlow and all other related proprietary rights of Ludlow and/or any of its affiliates (together, with any and all enhancements, corrections, bug fixes, updates and other modifications to any of the foregoing and any and all data or information of any kind, other than proprietary data and personal information, transmitted by means of any of the foregoing, including, without limitation, market data, the "Proprietary Information"). Each Member further acknowledges and agrees that the Proprietary Information is the exclusive, valuable, and confidential property of Ludlow. Each Member acknowledges and agrees that it shall not reverse engineer, copy, bug fix, correct, update, transfer, reproduce, republish, broadcast, create derivative works based on, or otherwise modify, in any manner, all or any part of Ludlow or the Proprietary Information. Each Member further agrees to keep the Proprietary Information confidential and not to transfer, rent, lease, copy, loan, sell or distribute, directly or indirectly, all or any portion of Ludlow or any Proprietary Information.

Rule 12.2 Signatures

Rather than rely on an original signature, Ludlow may elect to rely on a signature that is transmitted, recorded or stored by any electronic, optical, or similar means (including but not limited to telecopy, imaging, photocopying, email, electronic data interchange, telegram, or telex) as if it were (and the signature shall be considered and have the same effect as) a valid and binding original.

Rule 12.3 Limitation of Liability

(a) EACH MEMBER OF LUDLOW AGREES THAT NO LUDLOW PARTY SHALL HAVE ANY RESPONSIBILITY FOR COMPLIANCE BY MEMBER WITH ANY LAW OR REGULATION GOVERNING MEMBER'S CONDUCT. MOREOVER, EACH MEMBER OF LUDLOW ALSO AGREES THAT NO LUDLOW PARTY SHALL BE LIABLE IN ANY MANNER WHATSOEVER FOR ANY LOSS OR DAMAGE SUSTAINED BY MEMBER, INCLUDING

ANY CONSEQUENTIAL LOSS, LOSS OF PROFIT OR LOSS OF TRADING OPPORTUNITY, AS A RESULT OF ANY ACTUAL OR PROPOSED TRANSACTIONS OR AS A DIRECT OR INDIRECT RESULT OF ANY SERVICES PROVIDED BY LUDLOW PARTIES (INCLUDING, WITHOUT LIMITATION, ANY FAILURE IN LUDLOW'S SYSTEMS OR ANY INACCURATE INFORMATION PROVIDED BY A LUDLOW PARTY), UNLESS THE RELEVANT LUDLOW PARTY IS DETERMINED BY FINAL RULING OF AN ARBITRATION PROCEEDING TO HAVE ACTED OR FAILED TO ACT IN A MANNER THAT IS GROSSLY NEGLIGENT, RECKLESS, OR FRAUDULENT. FOR THE AVOIDANCE OF DOUBT, NOTHING IN THIS RULE IS INTENDED TO LIMIT THE LIABILITY OF ANY PERSON AS MAY BE PROVIDED IN THE CEA, THE REGULATIONS OF THE COMMISSION, OR BY ACTS OF WILLFUL OR WANTON MISCONDUCT OR FRAUD.

(b) EACH MEMBER OF LUDLOW AGREES THAT IT MAY NOT BRING ANY ACTION AGAINST A LUDLOW PARTY UNLESS IT BRINGS SUCH ACTION WITHIN TWO (2) YEARS OF THE FIRST OCCURRENCE OR LACK OF OCCURRENCE OF THE ACT OR OMISSION COMPLAINED OF.

(c) EACH MEMBER OF LUDLOW AGREES THAT ANY ACTION IT BRINGS AGAINST A LUDLOW PARTY WILL BE GOVERNED BY NEW YORK LAW, WITHOUT REGARD TO STATUTES, PRECEDENT, LEGAL DOCTRINE, OR CONTRACTUAL PROVISIONS THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A DIFFERENT JURISDICTION.

(d) EACH MEMBER OF LUDLOW AGREES THAT ANY ACTION IT BRINGS AGAINST A LUDLOW PARTY OR AGAINST ANOTHER LUDLOW MEMBER WILL BE RESOLVED BY BINDING ARBITRATION, IN ACCORDANCE WITH THE RULES OF THIS CHAPTER AND OTHER RULES OF LUDLOW, IF APPLICABLE.

CHAPTER 13: TERMS OF CONTRACTS TRADED ON LUDLOW

Rule 13.1 Making Contracts Available for Trading

Ludlow shall in its sole discretion determine what Contracts it will make available for trading on the Platform. Terms of the Contracts traded on Ludlow and other Information with respect to each Contract can be found on the homepage for the specific Contract on the Ludlow website.

Rule 13.2 Terms That Are Uniform Across Contracts

There are certain terms that are uniform across Contracts.

(a) Each Contract's size is $1.00. Orders for Contracts may be entered into the Platform for multiple numbers of Contracts. The minimum unit of trading is one Contract.

(b) All Contract prices are quoted in U.S. Dollars and cents per Contract.

(c) The minimum quote increment for each Contract is $0.01 per Contract unless otherwise specified in a Contract's terms and conditions.

(d) All Market Outcomes will be posted on Ludlow's website no later than 11:59 p.m. ET on the day that such Market Outcomes are determined. If the Market Outcome Review Process is initiated under Rule 7.1, the final Market Outcome will be posted on Ludlow's website no later than 11:59 p.m. ET on the day that the Outcome Review Committee reaches a determination on the Contract's final Market Outcome.

(e) Halted Markets. In the event that any market irregularities are declared by the Chief Regulatory Officer or Chief Executive 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 CFTC will be notified, if required, pursuant to CFTC Regulations. An explanation will be posted on the "Notices" section of the Ludlow website within a reasonable amount of time but no later than twenty-four (24) hours after the initiation of the halt.

(f) Discretion to Refrain from Listing Contracts. Ludlow 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 Ludlow determines may be detrimental to the listing of the Contract.

(g) Contract Modifications. Specifications shall be fixed as of the first day of trading of a Contract, except as provided in Rule 2.10 and Rule 7.2 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.

August 6, 2026	**LUDLOW EXCHANGE, LLC** DESIGNATED CONTRACT MARKET	**Version 1.0**

Appendix A-1: Rulebook (Redline)

LUDLOW EXCHANGE, LLC.
New York, NY

NOVIG

Ludlow Exchange, LLC

Rulebook

Version 1.2.1

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CHAPTER 1: DEFINITIONS

When used in this Rulebook the following terms shall have the respective meanings as follows:

"Affiliate" means an affiliated entity of Ludlow that has been approved by the Board to participate on the Platform as described in Rule 2.13.

"API" means an application programming interface, which is a set of programming code that queries data, parses responses, and sends instructions between one software and another.

"Appeals Panel" means a panel composed of at least three individuals appointed by the Chief Regulatory Officer to consider appeals under Chapter 9, including at least one person who would not be disqualified from serving as a Public Director.

"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 the CEA and CFTC Regulations, and state regulations where applicable.

"Authorized Trader" means a natural person who is employed by or is an agent of a Member that is not a natural Person, and who is designated by such Member and authorized by Ludlow to conduct exchange activity on the Member's behalf in accordance with Chapter 3.

"Board" means the Board of Directors of Ludlow, which manages Ludlow and is constituted from time to time in accordance with the Operating Agreement.

"CEA" means the Commodity Exchange Act, as amended from time to time.

"CFTC" means the U.S. Commodity Futures Trading Commission or any successor regulatory body.

"CFTC Regulations" means the rules and regulations promulgated by the CFTC, as amended.

"Clearinghouse" means the DCO that the Exchange designates to provide clearing services with respect to any or all Contracts.

"Combination Contract" means a standalone Contract whose payout depends on the joint resolution of two or more Legs, as specified in the applicable Contract Specifications.

"Compliance Department" means the Officers and employees of Ludlow who are responsible for maintaining the compliance integrity of Ludlow.

"Constituent Contract" means a Contract that is included as a component of a Combination Contract.

"Contract" means any contract, agreement, or transaction approved for trading on Ludlow pursuant to these Rules. A Contract ensues when two Orders for an Outcome are matched on the Platform.

"Contract Market" has the meaning set forth in CFTC Regulation 1.3.

"Contract Specifications" means, with respect to any Contract, the rules or other trading protocols containing specifications for such Contract, as adopted, amended, supplemented or otherwise modified from time to time by Ludlow.

"DCO" or "Derivatives Clearing Organization" has the meaning set forth in Section 1a(15) of the CEA.

"Direction" means, for an Order on an Outcome, whether the Outcome is positive or negative. An Order for an Outcome to be positive has a "YES" Direction. An Order for an Outcome to be negative has a "NO" Direction.

"Director" means any member of the Board.

"Disciplinary Panel" means a panel appointed by the Board to act in an adjudicative role and fulfill various adjudicative responsibilities and duties described in Chapter 9.

"Dispute" means any past, pending, or future dispute, claim, or controversy between a Member (or any of its Authorized Traders) and Ludlow (or any other Ludlow Party), arising out of or relating to any Contract, the Member's access to or use of the Platform or the Services, the Member's Account, or this Rulebook, the Member Agreement, or the Privacy Policy.

"Draw" means a tie result in the event underlying an Outcome. Ludlow may list Contracts for which Draw is the Outcome.

"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:

(a) Any activity that manipulates or attempts to manipulate a Contract on Ludlow;

(b) Any circumstance that may materially affect the performance of a Contract, including failure to clear and any failure of the payment systems;

(c) Any action taken by any domestic or foreign regulatory, self-regulatory, judicial, arbitral, or governmental (whether national, state or municipal) or quasi-governmental authority, or any agency, department, instrumentality, or sub-division thereof; or other Person exercising, or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or any other Contract Market, DCO, board of trade, or other exchange or

trade association (foreign or domestic) that may have a direct impact on trading on Ludlow or the settlement legality or enforceability of any Contract;

(d) Any actual, attempted or threatened corner, squeeze, congestion, manipulative activity or undue concentration of positions in a Contract;

(e) Any circumstance that may have a severe, adverse effect upon the functions and facilities of Ludlow, including, but not limited to, acts of God, fire, flood or other natural disasters, bomb threats, acts of terrorism or war, severely inclement weather, or failure or malfunction of all or a portion of the Ludlow Platform, or other system breakdowns or interruptions such as power, computer, communication or transportation systems or the Internet;

(f) The bankruptcy or insolvency of any DCO or the imposition of any injunction or other restraint by any government agency, clearinghouse, court or arbitrator upon a DCO which may affect the ability of a DCO to trade in or perform on a Contract;

(g) Any circumstance in which it appears to the Board that a DCO or any other Person:

(1) Has failed to perform on a Contract;

(2) Is insolvent; or

(3) Is in a financial or operational condition or is conducting business such that the DCO or Person cannot be permitted to continue in business without jeopardizing the safety of Member funds, Members, Ludlow, or the DCO.

(h) Any circumstance which may have a material impact on the reliability or transparency of the Underlying related to a Contract; or

(i) Any other unusual, unforeseeable, or adverse circumstance as determined by Ludlow.

"Exchange" means Ludlow Exchange, LLC or any successor thereto.

"Expiration" means the time on the Expiration Date established pursuant to these Rules at which a Contract expires, and the Expiration Value of that Contract is determined.

"Expiration Date" means the date established by these Rules on which the Expiration Value of each Contract is determined.

"Expiration Value" means the rate, level, amount, measure, or other value of the Underlying at Expiration.

"Insider" has the meaning set forth in Rule 5.11.

"KYC" means "know your customer", the policies and procedures required to obtain and retain a record of the essential facts concerning a Member.

"Last Trading Date and Time" means the date and time after which no new Orders may be submitted and no Trades may be executed in a Contract, as specified in the Contract's terms and conditions or as adjusted by Ludlow pursuant to Rule 7.2.

"Leg" means a Constituent Contract, together with the Direction specified for that Constituent Contract in the Contract Specifications for a Combination Contract.

"Live-Event Contract" means a Contract on an event that has commenced but not yet concluded, and a Combination Contract any Leg of which is a Contract on such an event, in each case as determined by Ludlow.

"Ludlow" means Ludlow Exchange, LLC or any successor thereto.

"Ludlow Party" or "Ludlow Parties" means Ludlow and its officers, directors, agents, employees, and software, hardware, and service providers.

"Maker" refers to an Order that is resting in the Order Book to distinguish it from a Taker Order for purposes of assessing fees.

"Market Maker" means a Member that is designated as a Market Maker and granted certain privileges in exchange for meeting certain requirements as described in Chapter 4.

"Market Outcome" means the result of the Contract.

"Match" means matching a buy Order for one Direction of an Outcome with a buy Order from the other Direction of the same Outcome resulting in a Contract.

"Matching Algorithm" means the procedure for pairing Orders from each Direction. Ludlow's Matching Algorithm uses price-time priority, wherein the better priced Order is matched before any lesser priced Order. Where multiple Orders have the same price, older Orders are matched before newer Orders.

"Member" means a Person which has applied to Ludlow and been approved to be a Member and has entered into a Member Agreement with Ludlow.

"Member Account" or "Member's Account" means an account established with Clearinghouse for the purpose of trading contracts on Ludlow.

"Member Agreement" means the agreement between Ludlow and any Person that the Person must agree to prior to the Person becoming a Member.

"NFA" means the National Futures Association or any successor regulatory body.

"No Cancellation Range" means the range of prices, including the endpoints of the range, above and below the fair value price of a Contract in which Ludlow will not cancel a trade that has been submitted for review and cancellation.

"Officer" has the meaning set forth in Rule 2.3.

"Order" means a bid for a Contract with either a YES or NO Direction.

"Operating Agreement" means the operating agreement of Ludlow, as amended, restated, or otherwise modified from time to time.

"Order Book" means a listing of Orders for a Contract by execution priority for each Direction separately for an Outcome. Order Book includes both Directions for any Outcome.

"Outcome" means the final result of an event listed for trading on Ludlow.

"Outcome Review Committee" means a committee of the Board to determine Market Outcomes in accordance with Chapter 7.

"Payout Criterion" of a Contract means the Expiration Value or set of Expiration Values that will cause that Contract to pay a Settlement Value (or proportion thereof) to position holders. The holder of a position in a Contract that receives a Settlement Value (or proportion thereof) is considered to be "in-the-money" while the holder of a position in a Contract that does not receive a Settlement Value is considered to be "out-of-the-money". For an event contract swap, the Payout Criterion or Settlement rules define the Expiration Value(s) that will cause a Settlement Value to be paid to the holder of a long position in such Contract, or as specified in a Contract's terms and conditions.

"Person" means an entity as defined in Section 1a(38) of the CEA and in CFTC Regulation 1.3.

"Platform" means the Ludlow electronic trade execution system that is used for trading Contracts, including any licensed software that is a part thereof from time to time, and any successor electronic trading system thereto.

"Position Accountability Level" means the level of loss that can be incurred as a result of a position in a Contract that is held or controlled by a Member above which Ludlow may impose restrictions or obligations on the Member as set forth in Chapter 5.

"Position Limit" means the maximum loss that can be incurred as a result of a position in a Contract that is allowed to be held or controlled by one Member as prescribed by Ludlow and/or the CFTC.

"Pre-Event Contract" means a Contract on an event that has not yet commenced, and a Combination Contract each Leg of which is a Contract on an event that has not yet commenced, in each case as determined by Ludlow.

"Public Director" means an individual with the qualifications set forth in Rule 2.2(i).

"Quote" means a response submitted by an RFQ Provider to an RFQ, specifying the price and such other terms as Ludlow may require.

"Regulatory Agency" means any governmental or self-regulatory authority applicable to Ludlow.

"Regulatory Services Agreement" has the meaning set forth in Rule 9.1(a).

"Regulatory Oversight Committee" means the committee of the Board constituted in accordance with Rule 2.7.

"Reportable Position" means a position in a Contract or several Contracts in the same Market held by a Member the size of which meets or exceeds a level specified by Ludlow.

"Request for Quote" or **"RFQ"** means a request submitted by a Member through functionality made available by Ludlow for one or more Members to provide a Quote in a Contract, including a Combination Contract.

"RFQ Acceptance Period" means the period specified in Rule 5.2(k) during which an RFQ Requestor may accept a Quote.

"RFQ Confirmation and Execution Period" means the period specified in Rule 5.2(k) that commences upon an RFQ Requestor's acceptance of a Quote.

"RFQ Provider" means any Member with access to the API that may respond to an RFQ by submitting a Quote.

"RFQ Requestor" means a Member that submits an RFQ.

"RFQ Response Period" means the period specified in Rule 5.2(k) during which RFQ Providers may submit Quotes in response to an RFQ.

"RFQ-generated Order" means an Order generated by Ludlow pursuant to Rule 5.2(k) upon the conclusion of the RFQ Confirmation and Execution Period.

"Rulebook" or **"Rules"** means the Ludlow Rulebook and includes interpretations, orders, resolutions, advisories, notices, statements of policy, decisions, manuals, and directives of Ludlow or Clearinghouse.

"Self-Regulatory Organization" shall, unless otherwise provided, have the meaning set forth in CFTC Regulation 1.3(ee) and, in addition, shall include a Contract Market, Derivatives Clearing Organization, and registered futures association.

"Settlement" means, with respect to a Contract that has reached Expiration, the payment of Settlement Values to Members holding in-the-money positions and the corresponding collection of amounts from Members holding out-of-the-money positions, in accordance with the Contract's terms and the Rulebook.

"Settlement Date" means the date on which Settlement occurs.

"Settlement Value" means the amount which the holder of a Contract may receive for a Contract held until Expiration.

"Source Agency" means the agency that publishes the Underlying and/or Expiration Value for any Contract.

"Taker" refers to an Order that executes against Orders resting in the Order Book so as to distinguish it from a Maker Order for purposes of assessing fees.

"Trade" or **"Transaction"** means any purchase or sale of any Contract on Ludlow, either directly or indirectly.

"Underlying" means the index, rate, risk, measure, instrument, differential, indicator, value, contingency, occurrence, or extent of an occurrence the Expiration Value of which determines whether a Contract is in-the-money.

CHAPTER 2: MARKET GOVERNANCE

Rule 2.1 Ownership

Ludlow is a Delaware limited liability company. The management and operation of Ludlow are governed by the Operating Agreement and the Rules.

Rule 2.2 Board of Directors

(a) The Board has the power to direct Ludlow including, but not limited to, the power to define the standards for membership in Ludlow and the power to amend, adopt, or repeal these Rules and the power to oversee the business conduct of Members and impose penalties for violation of these Rules.

(b) The Board has the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of standing committees or special committees of the Board or any panel of the Officers related to the day-to-day business operations of Ludlow.

(c) The Chief Executive Officer shall serve as chairman of the Board. The Board shall manage the day-to-day business operations of Ludlow.

(d) Any authority or discretion vested in any Officer or delegated to any committee or subcommittee shall not be construed to deprive the Board of such authority or discretion and, in the event of a conflict, the determination of the matter by the Board shall prevail. This does not apply to the Outcome Review Committee.

(e) A majority of the Directors serving on the Board, including at least one Public Director, shall constitute a quorum for the transaction of business of the Board. At all times when the Board is conducting business at a meeting of the Board, a quorum of the Board must be present at such meeting, and the Board may act only by the decision of a majority of the Directors constituting a quorum of the Board by vote at a meeting, by unanimous written consent without a meeting, or as otherwise set forth in the Operating Agreement.

(f) The Board shall comprise the number of Directors set forth in the Operating Agreement and shall include Public Directors as no less than 35% of the Board at all times. Each Director (including Public Directors) shall be appointed in accordance with the Operating Agreement and shall serve until his or her successor is duly appointed, or until his or her earlier resignation or removal, with or without cause.

(g) Ludlow shall submit to the CFTC within thirty (30) days after each Board election a list of the Board's Directors, the Member interests they represent, and how the

composition of the Board meets the requirements of CFTC Regulation 1.64(b) and Ludlow's Rules and procedures.

(h) Each Director is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to Ludlow.

(i) To qualify as a Public Director, an individual must be found, by the Board and on record, to have no Material Relationship, as defined below, with Ludlow. The Board must make such a finding at the time the Public Director is elected and as often as necessary in light of all circumstances relevant to such Public Director, but in no case less than annually. A Material Relationship is one that reasonably could affect the independent judgment or decision-making of the Director. The Board need not consider previous service as a Director of Ludlow to constitute a Material Relationship. A Director shall be considered to have a Material Relationship with Ludlow if any of the following circumstances exist or have existed within the past year:

(1) Such Director is or was an Officer or an employee of Ludlow, or an officer or an employee of an affiliate of Ludlow;

(2) Such Director is or was a Member, or an officer or director of a Member; or

(3) Such Director, or a firm with which the Director is an officer, director, or partner, receives more than $100,000 in combined annual payments from Ludlow, or any affiliate thereof, for legal, accounting, or consulting services.

(j) If any immediate family member of a Director is found to have a Material Relationship, then such Material Relationship will be determined to apply to the Director.

(k) The Board shall have procedures, as may be adopted by the Board from time to time, to remove a Director where the conduct of such Director is likely to be prejudicial to the sound and prudent management of Ludlow.

(l) The Board shall review its performance and that of its individual Directors annually.

Rule 2.3 Officers

(a) The Board shall appoint a Chief Executive Officer, Chief Operating Officer, Chief Regulatory Officer, Chief Technology Officer, and other such Officers of Ludlow as it may deem necessary or appropriate from time to time (collectively, the "Officers").

(b) Any Officer may also be a director, officer, partner or employee of any of its affiliates, subject to disclosure and resolution of conflicts of interest.

(c) The Officers shall have such powers and duties in the management of Ludlow as the Board may prescribe from time to time, subject to any limitations set forth in the Operating Agreement.

(d) Each Officer is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to Ludlow.

Rule 2.4 Restrictions on Who May Be Members of the Board, Members of Committees, or Ten Percent or Greater Owners

(a) For purposes of this Rule 2.4, the terms "disciplinary offense," "final decision", and "settlement agreement" have the meaning given those terms in CFTC Regulation 1.63(a).

(b) An individual may not serve as a Director or Officer, serve on a committee or subcommittee established by the Board, including the Disciplinary Panel, or hold a 10% or greater ownership interest in Ludlow, if the individual:

(1) Within the prior three (3) years has been found, by a final decision of a court of competent jurisdiction, an administrative law judge, the CFTC, or any Self-Regulatory Organization, to have committed a disciplinary offense;

(2) Within the prior three (3) years has entered into a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;

(3) Is currently suspended from trading on a Contract Market or a swap execution facility, is suspended or expelled from membership in a Self-Regulatory Organization, is serving any sentence of probation, or owes any portion of a fine or penalty imposed pursuant to either: a finding by final decision of a court of competent jurisdiction, an administrative law judge, the CFTC or any Self-Regulatory Organization that such person committed a disciplinary offense; or a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;

(4) Is currently subject to an agreement with the CFTC or Self-Regulatory Organization not to apply for registration with the CFTC or for membership in the Self-Regulatory Organization;

(5) Is currently, or within the past three (3) years has been, subject to a revocation or suspension of registration by the CFTC, or has been convicted

within the past three (3) years of any of the felonies listed in Section 8a(2)(D)(ii) through (iv) of the CEA;

(6) Is currently subject to a denial, suspension, or disqualification from serving on a disciplinary panel, 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; or

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

(c) Any Director, Officer, member of a committee established by the Board, and any individual nominated to serve in any such role, shall immediately notify the Chief Executive Officer if such individual is subject to one or more of the criteria in Rule 2.4(b). Prior to nomination to the Board, each individual shall certify that he or she is not disqualified pursuant to Rule 2.4(b). Each Director shall certify that he or she is not disqualified pursuant to Rule 2.4(b) annually. Upon appointment, each Director, Officer, and a member of a committee shall provide to Ludlow, where applicable, changes in registration information within thirty (30) days and certification of compliance accordingly. Ludlow shall verify information supporting Board compliance with eligibility criteria.

(d) An individual may not serve on any Disciplinary Panel, arbitration panel, or the Appeals Panel during any proceeding affecting or concerning such an individual, to be determined in a reasonable manner by Ludlow.

Rule 2.5 Qualifications for Members of the Board, Members of Committees, or Ten Percent or Greater Owners

(a) To serve as a Director, an individual must possess the ability to contribute to the effective oversight and management of Ludlow, taking into account the needs of Ludlow and such factors as the individual's experience, perspective, skills and knowledge of the industry in which Ludlow operates.

(b) A Director or Officer must meet any qualifications set forth from time to time in the Operating Agreement and these Rules.

(c) If Ludlow determines that an individual subject to Rule 2.4 no longer meets the criteria set forth in Rule 2.4(b), Ludlow shall inform the CFTC of such determination. Ludlow shall provide to the CFTC, upon request, an individual's certification of compliance with the criteria set forth in Rule 2.4(b).

Rule 2.6 Committees and Subcommittees

(a) The Board may create, appoint Directors to serve on, and delegate powers to committees and subcommittees. The Board shall designate the chairperson of each such committee. There shall be a Regulatory Oversight Committee. Each committee and subcommittee shall assist in the supervision, management and control of the affairs of Ludlow within its particular area of responsibility, subject to the authority of the Board.

(b) The Board shall establish a Disciplinary Panel prior to the commencement of each disciplinary matter as set forth in Rule 9.4.

(c) The Chief Regulatory Officer shall establish an Appeals Panel upon commencement of an appeal as set forth in Rule 9.4.

(d) Subject to the authority of the Board, each committee and subcommittee shall determine the manner and form in which its proceedings shall be conducted. A majority of the members serving on a committee or subcommittee, including at least one Public Director, shall constitute a quorum for the transaction of business of a committee or subcommittee. Each committee and subcommittee may act only by the decision of a quorum, by vote at a meeting, or by unanimous written consent without a meeting.

(e) In the event the Board rejects a recommendation or supersedes an action of the Regulatory Oversight Committee or the Chief Compliance Officer, Ludlow shall maintain documentation detailing:

(1) The recommendation or action of the Regulatory Oversight Committee or the Chief Compliance Officer as the case may be;

(2) The rationale for such recommendation or action;

(3) The rationale of the Board for rejecting such recommendation or superseding such action; and

(4) The course of action that the Board decided to take contrary to such recommendation or action.

Rule 2.7 Regulatory Oversight Committee

(a) The Regulatory Oversight Committee shall be a standing committee of the Board consisting of only Public Directors, as appointed from time to time. No less than two Public Directors shall serve on the Regulatory Oversight Committee.

(b) Each member of the Regulatory Oversight Committee shall serve for a term of one (1) calendar year from the date of his or her appointment or for the remainder of his

or her term as a Public Director, and until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Regulatory Oversight Committee or as a Public Director. A member of the Regulatory Oversight Committee may serve multiple terms.

(c) The Regulatory Oversight Committee shall oversee Ludlow's regulatory program on behalf of the Board. The 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 Ludlow. The Regulatory Oversight Committee shall also have such other powers and perform such other duties as set forth in the Rules and as the Board may delegate to it from time to time.

(d) The Regulatory Oversight Committee shall prepare an annual report that assesses Ludlow'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, as provided in Exhibit B to Part 38 of the CFTC Regulations.

(e) Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have the authority to:

(1) Monitor the regulatory program of Ludlow 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 Members (including ensuring compliance with financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); 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, 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 as to whether and how such changes may impact regulation.

Rule 2.8 Outcome Review Committee

(a) The Outcome Review Committee shall be:

(1) A standing committee consisting of three individuals who are appointed by the Board. At least two of the members must be Public Directors.

(2) Responsible for determining Market Outcomes as provided in Rule 7.1.

(b) Each member of the Outcome Review Committee shall serve for a term of one (1) calendar year from the date of his or her appointment or, if shorter, for the remainder of his or her term as a Public Director, as applicable, until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Outcome Review Committee or as a Public Director. A member of the Outcome Review Committee may serve multiple terms.

Rule 2.9 Prohibition on Trading

(a) All Ludlow employees and Directors are prohibited from the following:

(1) Trading, directly or indirectly, in any commodity interest traded on Ludlow;

(2) Trading directly or indirectly in any commodity interest traded on or cleared by a Contract Market, swap execution facility, or clearing organization other than Ludlow and in any commodity interest traded on or cleared by a linked exchange if the employee has access to material nonpublic information concerning such commodity interest; and

(3) Disclosing to any other person any material nonpublic information which such employee obtains as a result of his or her employment at Ludlow where such employee has or should have a reasonable expectation that the information disclosed may assist another person in trading any commodity interest. There is no prohibition against disclosures made in the course of an employee's duties, or disclosures made to another Self-Regulatory Organization, linked exchange, court of competent jurisdiction or representative of any agency or department of the federal or state government acting in his or her official capacity.

Rule 2.10 Emergency Rules

(a) Ludlow may adopt Emergency rules in response to any Emergency as defined in Chapter 1 of the Rulebook. In the event of one of those emergencies, the Board or at least two Officers may, without giving prior notice to, or securing prior approval from the CFTC, adopt a temporary Emergency rule to address the Emergency.

Adoption of a temporary Emergency rule requires the Chief Executive Officer's approval. Adoption of a temporary Emergency rule by two Officers requires the written authorization and acknowledgement of two Officers, indicating the Emergency action to be taken and the reasons for that action, before the action is taken.

(b) Any temporary Emergency rule adopted under this Rule may authorize Ludlow to act as the Board or Officers deems necessary or appropriate to meet the Emergency, and those actions may adversely affect the ability to trade on the Platform. Therefore, the chance of an Emergency is one of the risks that Members should consider when deciding whether to trade on the Platform.

(c) If deemed necessary to combat perceived market threats caused by an Emergency, a Ludlow official authorized to do so may suspend trading on the Platform for any or all contracts during the duration of the Emergency or take any other action that the official thinks is necessary or appropriate. The official will order an end to the action taken in response to the Emergency as soon as the official determines that the Emergency has sufficiently abated to permit the Platform to function properly. Reasonable actions resulting under this Rule include but are not limited to:

(1) Modification to limits on positions;

(2) Reduction of positions and exposure by participating Members to certain Contracts;

(3) Cancellation of a Contract and the return of any funds paid to enter Trades on the Contract;

(4) Extension/shortening of expiration and/or closing date;

(5) Suspension and curtailing of trading;

(6) Liquidating or transferring open positions in any contract; and

(7) Changing a Contract's terms and conditions and/or specifications.

(d) Ludlow will make every effort practicable to notify the Director of the Division of Market Oversight, their delegates, and/or other persons designated by the CFTC's Regulations that Ludlow intends to implement, modify, or terminate a temporary Emergency rule pursuant to Rule 2.10(a) or an action in response to an Emergency pursuant to Rule 2.10(c) prior to the implementation, modification, or termination of the rule or action. If it is not possible to notify the CFTC prior to the implementation, modification, or termination of the rule or action, Ludlow will notify the CFTC of the implementation, modification, or termination of the rule or action at the earliest possible time, and in no event more than twenty-four (24) hours

after implementation, modification, or termination. In situations where a contract is fungible with a contract on another platform, emergency action to liquidate or transfer open interest must be directed, or agreed to, by the CFTC or the CFTC's staff.

(e) Any time that Ludlow takes action in response to an Emergency, either under Rule 2.10(a) or Rule 2.10(c), Ludlow shall publish a notice of such action on its website, notify Members through the Ludlow API, and notify Members via email. Ludlow will likewise document its decision-making process and reasons for taking Emergency action.

Rule 2.11 Conflicts of Interest

(a) Ludlow prohibits members of the Board of Directors or any disciplinary or oversight committee or subcommittee from taking part in any deliberations or voting on any matter in which members of the Board of Directors, committee, or subcommittee member have an interest or have a relationship with a named party in interest.

(b) Named Party in Interest Conflict

(1) No member of the Board, Board Committee, or Disciplinary Panel shall participate in such body's deliberations or voting in any matter involving a named party in interest where such member:

(A) is the named party in interest in the matter;
(B) is an employer, employee, or fellow employee of a named party in interest;
(C) is associated with a named party in interest through a "broker association" as defined in CFTC Regulation 156.1;
(D) has any other significant, ongoing business relationship with a named party in interest, excluding relationships limited to Contracts; or
(E) has a family relationship (i.e., the member's spouse, parents, children, and siblings, in each case, whether by blood, marriage, or adoption, or any person residing in the home of the member or that of his or her immediate family) with a named party in interest.

(2) Prior to consideration of any matter involving a named party in interest, each member of the deliberating body shall disclose to the Chief Compliance Officer whether such member has one of the relationships listed above with a named party in interest.

(3) The Chief Compliance Officer shall determine whether any member of the relevant deliberating body is subject to a conflicts restriction under this Rule 2.11(b). Such determination shall be based upon a review of the following information:

(A) information provided by such member pursuant to Rule 2.11(b)(2); and

(B) any other source of information that is held by and reasonably available to Ludlow.

(4) In the event of a conflict involving the Chief Compliance Officer as a member of the deliberating body, the other members of the deliberating body shall determine whether any member of the relevant deliberating body is subject to a conflicts restriction under this Rule 2.11(b).

(c) Financial Interest in a Significant Action Conflict

(1) No member of the Board, Board Committee, or Disciplinary Panel shall participate in the body's deliberations or voting on any significant action if such member knowingly has a direct and substantial financial interest in the result of the vote based upon either Ludlow or non-Ludlow positions that could reasonably be expected to be affected by the action.

(2) Prior to consideration of any significant action, each member of the deliberating body who does not choose to abstain from deliberations and voting shall disclose to the Chief Compliance Officer any information that may be relevant to a determination of whether such member has a direct and substantial financial interest in the result of the vote.

(3) The Chief Compliance Officer shall determine whether any member of the relevant deliberating body who does not choose to abstain from deliberations and voting is subject to a conflicts restriction under this Rule 2.11(c) based on a review of the totality of the circumstances.

(4) Any member who would otherwise be required to abstain from deliberations and voting pursuant to this Rule 2.11(c) may participate in deliberations, but not in voting, if the deliberating body, after considering the factors specified below, determines that such participation would be consistent with the public interest (e.g., if the member has significant expertise and background that provides useful context); provided, however, that before reaching any such determination, the deliberating body will fully consider the information specified in Rule 2.11(c)(2) which is the basis for such member's direct and substantial financial interest in the significant action

that is being contemplated. In making its determination, the deliberating body shall consider:

(A) whether such member's participation could unduly influence the outcome of the deliberations;
(B) whether such member's participation in the deliberations is necessary to achieve a quorum; and
(C) whether such member has unique or special expertise, knowledge or experience in the matter being considered.

(5) In the event of a conflict involving the Chief Compliance Officer as a member of the deliberating body, the other members of the deliberating body shall determine whether any member of the relevant deliberating body is subject to a conflicts restriction under this Rule 2.11(c).

(d) Minutes

(1) The minutes of any meeting to which the conflicts determination procedures set forth in this Rule 2.11 apply shall reflect the following information:

(A) the names of all members who participated in such meeting;
(B) the name of any member who voluntarily recused himself or herself or was required to abstain from deliberations or voting on a matter and the reason for the recusal or abstention, if stated;
(C) the information that was reviewed for each member of the relevant deliberating body; and
(D) any determination made in accordance with Rule 2.11(b) or Rule 2.11(c).

Rule 2.12 Prohibition on Use of Material Nonpublic Information

(a) For purposes of this Rule 2.12, the terms "material information," "nonpublic information," "linked exchange", "commodity interest," and "related commodity interest" have the same meanings as they do in CFTC Regulation 1.59.

(b) Employees and members of the Board may not use or disclose material nonpublic information gained through their employment or board service in certain circumstances.

(c) No member of the Board or any committee established by the Board or these Rules will use or disclose material nonpublic information obtained as a result of participation on the Board or such committee for any purpose other than the performance of official duties as a board or committee member.

(d) No employee, consultant, or member of the Board or any committee of Ludlow will disclose to any other person material nonpublic information obtained as a result of such person's employment for purposes inconsistent with such person's official duties.

(e) No employee, consultant, or member of the Board or any committee of Ludlow will trade for such person's account, or for or on behalf of any other account, in any commodity interest on the basis of any material nonpublic information obtained through special access related to the performance of such person's duties as an employee, consultant, or member of the Board or committee.

(f) No Member who inadvertently or otherwise comes into possession of any material nonpublic information held by Ludlow or any employee, consultant, or member of the Board or any committee of Ludlow gained through their employment by or service to Ludlow will disclose to anyone such material nonpublic 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 nonpublic information.

(g) Any director, officer, or employee of Ludlow who violates any provision of this Rule will be required to indemnify Ludlow for any losses, damages, or costs caused by that violation.

Rule 2.13 Limitation on Trading by Affiliates

Ludlow, pursuant to approval by the Board, permits Affiliates to participate on its Platform, subject to the following provisions:

(a) Each Affiliate is a Member of the Platform.

(b) Ludlow has ensured that each Affiliate does not have access to Ludlow's material nonpublic information, and Ludlow ensures each Affiliate's access to information is limited to public information available to all Members. Notwithstanding the foregoing, the provision of information to common directors of Ludlow, any affiliate or the holding company shall not constitute a violation of this proscription.

(c) Ludlow ensures each Affiliate maintains operational independence from Ludlow. Operational independence means that the Affiliate member must:

(1) Have and maintain operations, including servers, databases, accounts, tools, software, and development tooling, separate from Ludlow;

(2) Have no access to Ludlow's operations;

(3) Be subject to all of the rules in this Rulebook, including the rules regarding Membership (see Chapter 3);

(4) Have access to the Platform limited to that set forth in the rules in this Rulebook (see Chapter 5);

(5) Not have access to material nonpublic information, including but not limited to information regarding order flow, trading, settlement, contracts, and compliance; and

(6) Have and maintain physical separation from Ludlow.

(d) All capital underlying trading by each Affiliate will not originate from Ludlow.

(e) Any algorithms employed by any Affiliate must not be readily exploitable (e.g., be not readily subject to manipulation, hacking).

(f) Each Affiliate participates on the Platform and provides liquidity to the Platform by placing orders on either (or both) sides of a market at competitive price levels.

(g) Each Affiliate has no obligation to trade all or even any contracts at any time, and other Members should not rely on the potential presence of an Affiliate to make markets or otherwise augment or provide liquidity in any contract.

Rule 2.14 Consent to Jurisdiction

Any Person initiating or executing a transaction subject to these Rules, directly or indirectly, and any Person for whose benefit such a transaction has been initiated or executed, expressly consents to the jurisdiction of Ludlow and agrees to be bound by and comply with the Rules of Ludlow in relation to such transactions, including, but not limited to, Rules requiring cooperation and participation in investigatory and disciplinary processes.

Rule 2.15 Information-Sharing Agreements

(a) Ludlow 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 Agency) if Ludlow considers such agreement, arrangement or procedures to be in furtherance of Ludlow's purpose or duties under these Rules or Applicable Law.

(b) Ludlow may provide information to a duly authorized foreign governmental authority, as directed by the CFTC, in accordance with an information-sharing agreement or other arrangements or procedures executed with such foreign governmental authority or the CFTC.

Rule 2.16 Public Information

(a) Accurate, complete, and current copies of these Rules and Contract Specifications will be published on the Ludlow website.

(b) Ludlow shall make public on a daily basis information on settlement prices, volume, open interest, and opening and closing ranges for Contracts.

(c) Except as provided herein, Ludlow shall publish on its website a notice with respect to each addition to, modification of, or clarification of, the Rules, the matching engine, and any Ludlow Contract Specification prior to the earlier of:

(1) The effective date thereof; and

(2) The filing of such change with the CFTC.

(d) Any notice shall be deemed to have been made to all Members and any other such Person as may be required by the following:

(1) For Members, by sending such notice to Members' email addresses on file with Ludlow; and

(2) By posting the notice in the "Notices" section of the Ludlow website.

(e) With respect to any communication with the CFTC and any information required to be transmitted or made available to market participants and the public, including on the Ludlow website or otherwise, Ludlow shall provide information that it believes, to the best of its knowledge, is accurate and complete, and will not omit material information.

(f) Ludlow will publish all rule certifications on the Ludlow website.

(g) Ludlow may make Combination Contracts available for trading in accordance with these Rules and the applicable Contract Specifications. Each Combination Contract shall be treated as a separate Contract for purposes of trading, execution, reporting, settlement, volume, open interest, position accountability, and recordkeeping, even if its Payout Criterion references one or more Legs, Constituent Contracts, Outcomes, or other Contracts.

Rule 2.17 Recordkeeping

(a) Ludlow shall keep, or cause to be kept, complete and accurate books and records of accounts and activities of Ludlow, including all books, records and other documentation required to be maintained pursuant to the CEA and CFTC Regulations. This includes, among other things, all trade records and investigatory or disciplinary files, in accordance with the requirements of CFTC Regulation 1.31. Ludlow's trading system will record and store for a period of not less than five (5) years in a searchable, read-only database a record of all data entered into the Ludlow trading system, including the Member's identity and the information in

Rule 5.3. Such records shall be maintained in a readily available manner during the first two (2) years.

(b) Ludlow shall retain all such books and records in accordance with the CEA and CFTC Regulations.

(c) Ludlow will provide information required to be maintained or provided pursuant to the CEA and CFTC Regulations to the CFTC in the form and manner required under these Rules, and/or the CEA and CFTC Regulations.

Rule 2.18 Transaction Records and Reporting

(a) Ludlow shall record and report to the CFTC all data required under Part 16 of CFTC Regulations, in the form and manner required by CFTC Regulations.

(b) Ludlow shall keep and maintain books and records identifying each Order submitted to Ludlow and each Transaction effected pursuant to these Rules, including the identification of the execution method (e.g., Order Book) with respect to each such Order and Transaction. These books and records shall be kept and maintained in accordance with the CEA and CFTC Regulations.

(c) Ludlow will comply with all conditions of such relief as set forth in any pertinent letter from the CFTC that provides relief from swap data reporting requirements under Parts 43 and 45 of the CFTC's regulations for contracts traded on or pursuant to the rules of Ludlow.

Rule 2.19 Services Agreements

(a) Ludlow may contract with a third-party services provider to provide certain technology and/or regulatory services pursuant to a technology services agreement or regulatory services agreement. In accordance with such an agreement, the third-party service provider may perform certain functions under the Rules and Ludlow may provide information to the third-party service provider in connection with the third-party service provider's performance of its functions. Ludlow conducts periodic reviews to verify each third-party service provider is performing certain technology services pursuant to a service agreement.

(b) Without limitation of the foregoing, any of the powers or functions of Ludlow under these Rules may be delegated to the third-party service provider pursuant to the relevant technology services agreement or regulatory services agreement in such manner and on such terms as Ludlow and the third-party service provider may mutually agree, consistent with Applicable Law.

(c) Ludlow shall retain ultimate decision-making authority with respect to any functions that are contracted to a third-party service provider.

Rule 2.20 Prohibited Use of Data Collected for Regulatory Purposes

(a) Ludlow shall 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; provided however, Ludlow may use such data or information for business or marketing purposes if the Person from whom it collects or receives such data or information clearly consents to Ludlow's use of such data or information in such manner.

(b) Ludlow, where necessary, for regulatory purposes, may share such data or information with one or more Contract Markets or swap execution facilities registered with the CFTC.

(c) Ludlow may not condition access to its Platform on an applicant's or Member's consent to the use of proprietary data or personal information for business or marketing purposes.

Rule 2.21 Independent Software Vendors

Ludlow will provide independent software vendors with access to its trading platform and its data in a fair and nondiscriminatory manner so long as each independent software vendor shall comply with Ludlow's criteria governing such access. Ludlow's access criteria shall be impartial and transparent.

CHAPTER 3: MEMBERS

Rule 3.1 Applying to Become a Member

(a) Ludlow will provide access to the Platform (including but not limited to the Order Book) and related services in an impartial, transparent, fair and non-discriminatory manner.

(b) In order to become a Member, an applicant must complete an online member application (the "Member Application") and provide Ludlow with any other relevant information promptly upon request. Any funds deposited by Members with Clearinghouse shall constitute "Proprietary Funds" in accordance with CFTC Regulations.

(c) To be eligible to become a Member, an applicant must:

(1) Be a Person;

(2) Provide Ludlow with any information or documentation Ludlow deems necessary in order to verify the applicant's identity, perform a criminal background check, or otherwise review information provided on an application or by a third-party provider;

(3) Maintain an account, or accounts, in the Member's name with a U.S. financial institution that the Member will use to fund its Member Account at Clearinghouse, and to receive funds from its Member Account, or, if the Member is a non-U.S. resident, have an account or accounts in the Member's name with either a U.S. financial institution or a foreign bank capable of transacting with Clearinghouse that the Member will use to fund its Member Account at Clearinghouse, and to receive funds from its Member Account via one of the acceptable methods as stated on the Ludlow website;

(4) Not be subject to any economic or trade sanctions programs administered by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") or other relevant U.S. or non-U.S. authority; and must not be listed on OFAC's List of Specially Designated Nationals and Blocked Persons; and

(5) Certify the following:

(A) The applicant is old enough to enter into a legally enforceable contract and has reached the required age as stated on the Member Agreement;

(B) The applicant has read, understands, and agrees to comply with the Ludlow Rulebook, Terms of Use, Privacy Policy, and Member Agreement; and

(C) The applicant will trade in its Member Account only for itself and will not serve as an intermediary for any other Person.

(d) Submission of a Member Application to Ludlow constitutes the applicant's agreement to be bound by these Rules and other policies of Ludlow. Among other things, this also includes the applicant's agreement to become a member of Clearinghouse and be bound by Clearinghouse's Rules in its capacity as a DCO.

(e) Ludlow may in its sole discretion approve, deny, or condition any Member Application as Ludlow deems necessary or appropriate.

(1) In the event that Ludlow decides to decline or condition an application for admission as a Member, or to terminate a Person's status as Member, Ludlow shall notify such Person thereof in a notice sent to the email address provided by the Person in the Member Application and Member Agreement or maintained in Ludlow's registry of Members. The written notice will specify the basis for Ludlow's decision. Such Person may, within twenty-eight (28) days, request in writing that Ludlow reconsider the determination.

(2) Within twenty-eight (28) days of receiving a request for reconsideration, Ludlow shall (i) confirm the denial or condition; (ii) reverse the denial or condition; or (iii) modify the denial or condition, and shall promptly notify such Person accordingly in writing. Ludlow may, in its sole discretion, schedule a hearing (in person or by teleconference), request additional information from such Person or establish any other process that it believes is necessary or appropriate to consider the request for reconsideration.

(3) Ludlow's decision is the final action of Ludlow and is not subject to appeal.

(f) If a Member Application is approved by Ludlow, the applicant will be a Member and will have the following privileges, which Ludlow may revoke, amend, or expand in accordance with, or by amending, these Rules:

(1) To maintain a Member Account;

(2) To buy Contracts on the Platform using the funds in its Member Account;

(3) To view "real-time" the same best bids to buy and offers to sell the Contracts traded on the Platform as are available to all other Members;

(4) To view the current trading volume and open interest for the Contracts traded on the Platform; and

(5) To view all non-secure parts of the Ludlow website.

(g) A Member may enter Orders into the Platform.

(h) A Member may not maintain and/or trade more than one Member account.

(i) Applicants for Member status of Ludlow may withdraw their applications at any time without prejudice or without losing their right to apply at a future time.

Rule 3.2 Obligations Applicable to All Members

(a) Each Member must comply with these Rules, applicable provisions of the CEA, and relevant CFTC Regulations. Each Member, upon a request of Ludlow or any Regulatory Agency, must promptly respond to any requests for information, including by providing any necessary information for Ludlow to perform any of the functions described in CEA Section 5(h). Each Member must also cooperate promptly and fully with Ludlow, its agents, and/or the CFTC in any investigation, call for information, inquiry, audit, examination, or proceeding. Failure to cooperate with any request for information within fifteen (15) days of the request is determined to be a violation of this Rule and subject to the disciplinary proceedings described in Chapter 9 including but not limited to the revocation or suspension of the Member's privileges in full or in part or subject a Member to civil or criminal prosecution.

(b) Each Member consents to allow Ludlow to provide all information Ludlow has about the Member, including the Member's trading activity, to the CFTC or any other Regulatory Agency, law enforcement authority, or judicial tribunal.

(c) Each Member consents to Ludlow providing information related to KYC to Clearinghouse.

(d) Each Member is required to review the "Notices" section of the Ludlow website to make itself aware of material changes to these Rules or other notices that may affect its rights and obligations as a Member of Ludlow.

(e) Each Member shall maintain appropriate books and records of its trading, including records of any activity in the underlying commodity and related derivatives markets, and make such records available, upon request, to Ludlow.

(f) Each Member must update that Member's email address within twenty-four (24) hours if the email address most recently provided to Ludlow becomes inactive. Each Member must update all other information provided in its relevant Member

Application within five (5) days after that information has changed. If any Member thereof fails to satisfy these obligations, Ludlow may revoke or suspend the Member's privileges in full or in part.

(g) Each Member must immediately notify Ludlow in writing upon becoming aware:

(1) That the Member has had access or trading privileges suspended, or membership denied, in any commodity, securities, or swaps exchange, brokerage, association, or Regulatory Agency;

(2) That the Member has been convicted of, pled guilty or no contest to, or entered a plea agreement for any felony in any domestic, foreign or military court;

(3) That the Member 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:

(A) Embezzlement, theft, extortion, fraud, fraudulent conversion, forgery, tax evasion, counterfeiting, false pretenses, bribery, gambling, racketeering, or misappropriation of funds, securities, or properties; or

(B) Any transaction in or advice concerning swaps, futures, options on futures, leveraged transactions or securities;

(4) That the Member has been subject to, or associated with a firm that was subject to regulatory proceedings before any governmental or Regulatory Agency;

(5) That the Member is currently a party to any investigation or proceeding, the resolution of which could result in an event described in Rule 3.2(g)(1)-(4);

(6) Of any other material change in any information contained in the Member Application;

(7) Of becoming subject to early warning reporting under CFTC Regulation 1.12;

(8) Of becoming the subject of a bankruptcy petition, receivership proceeding, or the equivalent, or being unable to meet any financial obligation as it becomes due; or

(9) Of information that concerns any financial or business developments that may materially affect the Member's ability to continue to comply with participation requirements.

(h) A Member is not required to engage in trading activity or maintain a minimum balance in its account after initial funding.

Rule 3.3 Authorized Traders

(a) Each Member, who is not a natural Person, shall designate one or more Authorized Trader(s) who will be responsible for exchange activity conducted on behalf of the Member. An Authorized Trader may also be a Member in his or her individual capacity but may not knowingly act as a counterparty in any capacity to any Order that he or she has placed as an Authorized Trader on behalf of another Member in his or her individual capacity. Any Authorized Trader must notify Ludlow prior to becoming a Member; and a Member must notify Ludlow prior to becoming an Authorized Trader, by email (or as otherwise specified by Ludlow in lieu of sending an email).

(b) By agreeing to become an Authorized Trader, an individual agrees to be bound by the duties and responsibilities of an Authorized Trader and to be subject to, and comply with, Ludlow's Rules and obligations. Among other duties and responsibilities that Ludlow may impose, an Authorized Trader and the Member, as relevant, must:

(1) Have the authority, at the Exchange's request, to adjust or withdraw any Order submitted under any unique identification code assigned to him or her;

(2) Ensure that any exchange activity conducted under any unique identification assigned to him or her complies with all Ludlow Rules and obligations; and

(3) Ensure that the Authorized Trader's unique identification code is provided to Ludlow with each order message submitted by the Authorized Trader.

(c) To designate an Authorized Trader, a Member must follow the procedures established by Ludlow. Ludlow may establish criteria that individuals must fulfill to become an Authorized Trader.

Rule 3.4 Rejection of Applicant and Limitations of Trading Privileges

(a) Notwithstanding Ludlow's authority granted under any other Rule, Ludlow may, in its sole discretion, deny any Member Application, or suspend, revoke, limit, condition, restrict, or qualify the trading privileges of any Member or Authorized Trader of a Member as it deems necessary or appropriate.

(b) Anyone who has had trading privileges limited pursuant to Rule 3.4(a) will be provided, in writing, the reason such action was taken.

(c) If Ludlow denies the Member Application of any Person or places limitations on trading privileges pursuant to this section, the Person may appeal the decision by filing with Ludlow a petition for review of such membership denial or trading limitation. The petition should describe in detail the reasons why the Member Application should be granted, or trading limitations removed. The petition must be filed within twenty-eight (28) days from the date upon which notice of the denial of membership or limitation of trading privileges was provided by Ludlow. The decision of Ludlow will be final. A Person that has been denied membership by Ludlow will not be eligible for reapplication during the six (6) months immediately following such denial.

(d) If trading privileges are limited pursuant to Rule 3.4(a) of this Rule, Ludlow may initiate a transfer of the Member's balance to the bank account on record or cause for the same to be effected by Clearinghouse.

(e) Ludlow has full discretion to limit or restrict a Member or Authorized Trader from trading in specific Contracts or categories of Contracts to mitigate risks of market manipulation.

Rule 3.5 Communications Between Ludlow and Members

(a) Each Member must provide Ludlow with its current email address and immediately notify Ludlow of any changes. All communications between Ludlow and its Members, including confirmation of all Transactions executed on a Member Account, may be transmitted by email, on the Ludlow website or app, or via the Ludlow API.

(b) A Member is responsible for promptly reviewing and, if necessary, responding to all electronic communications from Ludlow.

(c) Ludlow may record conversations and retain copies of electronic communications between Ludlow and Members. Any such recordings may be retained by Ludlow in such manner and for such periods of time as Ludlow may deem necessary or appropriate. Ludlow shall retain such records for the retention periods necessary to comply with CFTC Regulation 1.35 or such longer period as Ludlow deems appropriate.

Rule 3.6 Dues, Fees, and Expenses Payable by Members

(a) Members are not required to pay dues.

(b) Members may be charged fees in connection with the trading of Contracts in such amounts as may be revised from time to time to be reflected on Ludlow's website.

(c) Members may be charged fees for Settlement of Contracts in an amount to be reflected from time to time on Ludlow's website.

(d) Ludlow may cause and/or instruct Clearinghouse to deduct from the Member Account fees or expenses incurred in connection with the trading or account activity or Ludlow's administration in connection with that activity, such as fees for wire transfer or other payment methods processing fees. All such fees will be charged in an amount to be reflected on Ludlow's website. All such fees and expenses will be deducted from the Member's Account.

(e) If Ludlow determines in the future to impose dues or additional fees, Members will be provided notice of the change at the time the amended fees are filed with the CFTC. The new fee structure will be implemented no earlier than on the first available trade date for which the change may be implemented according to the CFTC's self-certification filing requirements as set forth in CFTC Regulation 40.6(a).

Rule 3.7 Withdrawal of a Member

(a) To withdraw from Ludlow, a Member must notify Ludlow following the procedures established by Ludlow.

(b) Ludlow may, in its reasonable discretion, refuse to accept a Member's withdrawal request or may postpone the effective date of withdrawal of a Member if Ludlow considers it necessary for the protection of other Members or otherwise in the interests of Ludlow.

(c) Based on the information provided to, and other information gathered by, Ludlow regarding a Member's withdrawal request, Ludlow will determine whether to (i) accept the withdrawal request; (ii) postpone the effective date of the withdrawal; and/or (iii) impose any terms or conditions before or after the effective date of withdrawal.

(d) If Ludlow refuses to accept a Member's withdrawal request or postpones the effective date of withdrawal of a Member, Ludlow may waive the obligation to pay some or all of the fees, costs and charges that Ludlow would have imposed during the period after the date on which the requested withdrawal would have otherwise taken effect.

(e) When Ludlow accepts the withdrawal of a Member, all rights and privileges of such Member terminate (including, without limitation, the trading privileges and ability to access the Platform). The accepted withdrawal of a Member shall not affect the rights of Ludlow under the Rules or relieve the former Member of its Obligations under the Rules, to perform all contracts involving any Contracts entered into by

such, or to pay any Exchange fees, costs, or charges incurred, before the withdrawal. Notwithstanding the accepted withdrawal of a Member, the withdrawn Member remains subject to the Rules, the Obligations and the jurisdiction of Ludlow for acts done and omissions made while a Member, and must cooperate in any proceeding under Chapter 9 as if the withdrawn Member were still a Member.

Rule 3.8 Incentive Programs

(a) Ludlow may from time to time establish one or more incentive programs (each, an "Incentive Program") that provide Members with incentives, including bonus payments, rebates, or other rewards, that are designed to encourage participation on Ludlow.

(b) Each Incentive Program shall be made available to eligible Members on a fair, equitable, and non-discriminatory basis among similarly situated Members.

(c) The terms of each Incentive Program shall be filed with the CFTC pursuant to applicable CFTC regulations and posted on the Ludlow website prior to implementation. Notwithstanding the foregoing, Ludlow may specify and adjust program-specific terms, including the amount of any incentive and the program's effective period, by notice posted on the Ludlow website, provided that such terms remain within the parameters of the applicable Incentive Program as filed, and that any change requiring certification or approval under CFTC regulations will be filed before taking effect.

(d) Ludlow may, in the Chief Regulatory Officer's discretion, modify, suspend, or terminate any Incentive Program at any time, and may revoke a Member's eligibility or disqualify trading activity from qualifying for an Incentive Program where the activity is not permitted under these Rules or is inconsistent with the purpose of the Program.

CHAPTER 4: MARKET MAKERS

Rule 4.1 Eligibility to be Designated as a Market Maker

(a) Only Members in good standing may become a Market Maker.

(b) Ludlow shall have sole discretion to allow a Member to become a Market Maker.

(c) Ludlow may set any specific requirements that the Member must abide by in order to become a Market Maker.

(d) A Member must complete and file a Market Maker agreement with Ludlow to be considered for Market Maker status.

(e) The designation of any Market Maker may be suspended, terminated or restricted by Ludlow at any time and for any reason.

(f) Ludlow may designate more than one Market Maker, and there may be more than one Market Maker participating on the Exchange.

(g) There may be more than one Market Maker program in place at Ludlow at any given time.

Rule 4.2 Designation as a Market Maker

(a) To determine whether a Member shall be designated as a Market Maker, Ludlow shall consider the Member's available financial resources, relevant experience, business reputation, and any other relevant factor.

(b) No Member shall be designated as a Market Maker without the Member's consent.

(c) Ludlow may periodically conduct an evaluation of any Market Maker to determine whether it has fulfilled performance standards relating to, among other things, quality of the markets, competitive market making, observance of ethical standards, and administrative soundness. If the Market Maker fails to meet minimum performance standards, Ludlow may, among other things, suspend, terminate or restrict the Market Maker's designation.

Rule 4.3 Market Maker Benefits

Market Makers may receive benefits, including but not limited to financial benefits, reduced fees, differing Position Limits and Position Accountability Levels (consistent with Applicable Law), and enhanced access, in accordance with any relevant Market Maker program in place at Ludlow for fulfilling the market maker obligations.

Rule 4.4 Market Maker Obligations

(a) A Market Maker's transactions must be reasonably calculated to contribute to the maintenance of a fair and orderly market, and a Market Maker shall not make bids or offers or enter into transactions that are inconsistent with this goal.

(b) A Market Maker is obligated to perform all requirements and obligations delineated in the relevant Market Maker agreement and in the relevant Market Maker program in place at Ludlow. These requirements and obligations include but are not limited to maintaining two-sided markets within a defined spread and with a minimum depth during trading.

Rule 4.5 Market Maker Position Accountability Levels

(a) Market Makers are generally subject to the Position Accountability rules set forth in Rule 5.12. However, Ludlow may establish higher Position Accountability Levels for Market Makers on Contracts in a market where the Market Maker is maintaining a two-sided market within a defined spread and with a minimum depth during trading. Unless otherwise specified, on these Contracts Market Makers will have Position Accountability Levels that are ten (10) times the Position Accountability Levels for non-Market Makers.

(b) For Contracts that a Market Maker is required to adhere to Market Maker obligations set forth in Rule 4.4(b), Market Makers will not be subject to Position Limits imposed under Rule 5.13 in regard to such Contracts and will be subject to Position Accountability Levels.

(c) In no instance may a Market Maker's position exceed any applicable limit established by the CFTC.

CHAPTER 5: METHOD FOR MEMBERS TO TRADE CONTRACTS

Rule 5.1 Member Access to Ludlow

(a) During the Ludlow application process, an applicant who wishes to become a Member will be required to choose a unique user identification ("ID") and password.

(1) Such an applicant will be required to enter the ID and password to log onto and access secure portions of the Ludlow website. Each time such applicant submits its ID and password to Ludlow in order to log onto Ludlow, the applicant affirms that it understands and agrees to be bound by these Rules and other policies of Ludlow, as amended.

(b) After a Member Application has been approved by Ludlow, the applicant shall be notified of its designation as a Member. Upon such designation, the Member will be able to access the Platform, execute Trades, and otherwise access information regarding, or perform functions in, their account using their ID and password.

(c) For account security and audit trail purposes, each Member agrees that Ludlow may maintain logs of the IP address used to access the Ludlow website.

(d) Each Member will be responsible for protecting its ID and password from improper disclosure. In addition, a Member may not knowingly or negligently permit any Person not authorized by Ludlow and by the Member to use the ID and password to access the secure portion of the Ludlow website. Each Member is required to immediately notify Ludlow if it knows, or has reason to believe, that its ID or password have been disclosed to any Person not authorized by Ludlow and the Member to use such ID and/or password.

(e) Each Member will be liable for all costs and any losses that it may incur from Transactions executed on the Platform by any Person, authorized or not, using its ID and password. Ludlow will not be responsible for unauthorized Transactions in a Member Account, except as provided in Rule 12.3.

(f) Each Member is responsible for contracting with an Internet service provider through which it will access the Ludlow website and for having a backup service provider if the Member thinks it is necessary. Each Member is also responsible for maintaining an Internet connection speed adequate for its needs. Ludlow will not be responsible in any way for any orders delayed or trades missed or not executed in a timely fashion because of failure of the Member's Internet service provider or slowness of its Internet connection speed. No communication from a Member will

be deemed to have been received by Ludlow until that communication is logged by the Ludlow server.

(g) Ludlow in its discretion may place a Member Account on hold (prohibiting any order activity) or on hold-liquidation only (allowing only orders to liquidate existing positions). In such circumstances, Ludlow will promptly notify the affected Member of the nature of and reason for the action.

Rule 5.2 Trading Contracts

(a) Members trade Contracts by entering Orders for an Outcome into the Platform. After logging into the secure portion of the Ludlow website, the Member will input its Orders into the Platform.

(b) Each Order must include price, Direction ("YES" or "NO"), and quantity.

(c) Orders in the Order Book are matched with incoming Orders strictly with price-time priority.

(1) An Order at a better price will always have priority over Orders at inferior prices. As among Orders at the same price, an Order with time priority will be executed before Orders that have been entered after the Order with time priority.

(2) RFQ-generated Orders shall be subject to this Rule 5.2 except as otherwise expressly provided in Rule 5.3.

(3) Only one buy Order per direction can have time priority at any given time.

(4) Orders with time priority will be matched first regardless of their respective sizes.

(d) An Order may be modified by indicating in the Order interface provided by Ludlow any of the following time-in-force conditions for that Order:

(1) Good Until Canceled. The Order remains in the Order Book until it is filled or the Last Trading Date and Time of the Contract, whichever comes first. A partially filled Order remains in the Order Book until the remainder is filled or the Last Trading Date and Time of the Contract, whichever comes first.

(2) Good Until Time. The Order remains in the Order Book until the earlier of (i) the specified expiration time or (ii) the Order being filled or canceled. A partially filled Order remains in the Order Book until the earlier of (i) the specified expiration time or (ii) the remainder being filled or canceled.

(3) Immediate or Cancel. The Order executes immediately against one or more Maker Orders in the Order Book. Any unfilled portion of the Order is automatically canceled.

(4) Fill or Kill. The Order executes immediately and completely against one or more Maker Orders in the Order Book, or is canceled immediately in its entirety.

(5) Post Only. If the Order would execute immediately against one or more Orders in the Order Book, the Order is canceled. Otherwise, the Order rests in the Order Book as a Maker Order.

(e) Orders may be entered for Combination Contracts in the same manner as Orders for other Contracts, subject to any additional requirements in these Rules or the applicable Contract Specifications.

(f) Before an Order is accepted, Ludlow will check the Member's Account to ensure it has enough funds to cover its maximum loss under the Contract(s) it is attempting to enter into. If the Member does not have the necessary funds in its Account, Ludlow will cancel its Order prior to Trade execution. If the Member does have the necessary funds in its account with the Clearinghouse, Ludlow will execute the Trade. Ludlow will notify the Member by email that the Trade has been executed.

(g) Any Order for a Contract that has been entered into the Platform may be canceled unless and until it has been executed or has otherwise expired.

(h) A Member may submit an RFQ for a Contract through functionality made available by Ludlow. Ludlow may permit RFQs for existing Contracts and may also permit RFQs by which a Member requests that Ludlow identify or create a Combination Contract based on Legs or Constituent Contracts selected by the Member. Ludlow may determine the Contracts, categories of Contracts, Members, interfaces, and methods of access for which RFQ functionality is available.

(i) Ludlow may establish eligibility criteria for RFQs and Combination Contracts including criteria relating to eligible Contracts, number of Legs, event status, settlement compatibility, operational risk, market integrity, or any other factor reasonably designed to promote fair and orderly trading and reliable settlement. Ludlow may reject any RFQ or requested Contract that Ludlow determines is internally inconsistent, cannot be reliably or deterministically settled under the applicable Contract Specifications, or otherwise presents unacceptable operational, settlement, or market-integrity risk. If Ludlow accepts a request for a Combination Contract, Ludlow may identify an existing Contract or create a new Contract with its own Contract identifier and Order Book.

(j) An RFQ shall identify the Contract or requested Contract, requested size, requested Direction, and such other information as Ludlow may require. For a Combination Contract, the RFQ shall identify the applicable Legs or Constituent Contracts. Ludlow may disclose to RFQ Providers the information necessary to respond to the RFQ, including the Contract or requested Contract, Legs or Constituent Contracts, requested Direction, requested size, and a pseudonymous identifier for the RFQ Requestor. Ludlow shall not disclose the identity of the RFQ Requestor through the RFQ process, except as required by Applicable Law or these Rules.

(k) **RFQ Timing and Execution.** The following periods and procedures shall apply to each RFQ. Upon commencement of an RFQ, Ludlow shall establish an Order Book for the applicable Contract.

(1) *Response period.* Upon submission of an RFQ, Ludlow shall transmit the RFQ to RFQ Providers, who shall have three (3) seconds (the "RFQ Response Period") to submit Quotes. Any Member with access to the API may submit a Quote in response to an RFQ or enter an Order in the Order Book.

(2) *Acceptance period.* Following the RFQ Response Period, the RFQ Requestor may review the best-priced Quote and determine whether to accept it. The RFQ Requestor shall have up to ten (10) seconds to accept for Live-Event Contracts, and up to thirty (30) seconds to accept for Pre-Event Contracts (in each case, the "RFQ Acceptance Period").

(3) *Confirmation and Execution Period.* Upon the RFQ Requestor's acceptance of a Quote, a single period of one (1) second (the "RFQ Confirmation and Execution Period") shall commence, during which (A) the RFQ Provider whose Quote was accepted may confirm its willingness to execute at the quoted price, and (B) any other Member with access to the API may submit a Quote or enter an Order in the Order Book with respect to the applicable Contract. Quotes and Orders entered during this period are reflected in the Order Book, thereby exposing the transaction to competition from better-priced interest.

(4) *Execution.* At the conclusion of the RFQ Confirmation and Execution Period, Ludlow shall generate an Order corresponding to the RFQ (the "RFQ-generated Order") and shall execute it on a Fill-or-Kill basis against the best-priced interest then available that is sufficient to satisfy the full requested size, whether the confirmed Quote or a better-priced resting Order. If no confirmed Quote and no resting Order sufficient to satisfy the full requested size is then available, no execution shall occur.

(5) *Execution delay period.* Following entry into the Order Book, there shall be a period of one (1) second (the "RFQ Execution Delay Period"), at the conclusion of which execution shall occur. If the confirmed Quote remains the best-priced interest available, the RFQ-generated Order shall execute against the confirmed Quote. If a better-priced resting Order is then available, the RFQ-generated Order shall instead execute against such better-priced resting Order.

(l) Unless otherwise specified by Ludlow, the RFQ process shall be conducted as a blind auction. RFQ Providers may submit Quotes during the RFQ response period. RFQ Providers shall not see other RFQ Providers' Quotes during the RFQ response period. All Quotes shall expire at the end of the RFQ response period unless accepted earlier by the RFQ Requestor. Quotes at the same price shall be ranked by size. Quotes with the same price and same size shall be ranked by time of entry.

(m) A Quote must be responsive to the Contract, requested Direction, requested size, and other terms specified in the RFQ. Ludlow may require Quotes to be for a specified size and may reject partial Quotes. An RFQ Provider may submit a Quote only if the RFQ Provider has sufficient funds in its Member Account to support the potential exposure from execution of the Quote and only if the resulting execution would not violate applicable position limits or other risk controls.

(n) Once submitted, a Quote may be withdrawn during the RFQ Response Period, except as otherwise specified by Ludlow. If the RFQ Requestor accepts a Quote, the RFQ shall close and the RFQ Provider must affirmatively confirm the Quote within the RFQ Confirmation and Execution Period. If the RFQ Provider does not confirm within the RFQ Confirmation and Execution Period, the Quote will be deemed not confirmed and no Trade shall occur against that Quote; provided that an RFQ-generated Order may still execute against a better-priced resting Order in accordance with Rule 5.2(k).

(o) Ludlow may impose temporary RFQ participation restrictions, cooldowns, rate limits, or other system controls on an RFQ Provider that fails to confirm accepted Quotes at a frequency or in a manner that Ludlow determines is inconsistent with bona fide quoting or the fair and orderly operation of the RFQ process. If an RFQ Requestor accepts a Quote and the RFQ Provider confirms the Quote within the applicable confirmation period, Ludlow shall generate one or more Orders for the applicable Contract. RFQ-generated Orders shall be Fill-or-Kill unless otherwise specified by Ludlow. At the time of execution, Ludlow shall check the Order Book for the applicable Contract. If resting interest is available on the Order Book at a price better than the confirmed Quote and in sufficient quantity to satisfy the full requested size, the RFQ-generated Order shall execute against such resting interest.

If resting interest is available at a better price than the confirmed Quote but in insufficient quantity to satisfy the full requested size, the RFQ-generated Order may execute against such resting interest for the available quantity and against the confirmed RFQ Provider Quote for the remaining quantity. If the RFQ-generated Order cannot be filled in full, no execution shall occur.

(p) If, before execution of an RFQ-generated Order, the applicable Contract or any Leg or Constituent Contract of a Combination Contract settles, is voided, is suspended for settlement, or otherwise undergoes a state change that Ludlow determines materially affects the Payout Criterion, settlement, tradability, or fair and orderly execution of the RFQ-generated Order, Ludlow shall terminate the RFQ without execution. A Member wishing to trade after such state change must submit a new RFQ or enter a new Order.

(q) Ludlow may determine the interfaces through which RFQs may be submitted, including whether RFQs may be submitted through the website, mobile application, API, or other interface. Ludlow may establish different RFQ access permissions for RFQ Requestors and RFQ Providers, provided that such access criteria are impartial, transparent, and applied in a fair and non-discriminatory manner.

Rule 5.3 Member Order and Cancellation

(a) Entry:

(1) A Member will enter Orders to trade Contracts by electronic transmission over the Internet. Order rate limiter functionality will cap the maximum number of Orders that may be submitted to the Exchange per second (or per a specific time period expressed in seconds) per Member in order to prevent a risk of harm to Ludlow.

(2) In order to enter an Order to trade one or more Contracts, a Member will be required to submit the Order to Ludlow. Once the Order is accepted by Ludlow, Ludlow will assign to the Order an Order ID. This ID will appear next to the associated Order on the Member's Order Ticket and Order History account pages. The Member will be responsible for any and all Order entries confirmed for its account and accepted by Ludlow.

(3) Any Member submitting Orders, or any other messages directly to Ludlow, including but not limited to messages related to the cancellation or amendment of an Order, whether manually or via automated functionality, must ensure adequate controls are in place to prevent excessive messaging or other activity that may be deemed detrimental or disruptive to Ludlow.

(b) Ludlow's trading system will keep an electronic record of all Orders to trade Contracts, and all executed Contract trades. The records kept by Ludlow will include all of the terms identified in Rule 5.2(b) as well as the date and time that the Transaction was completed to the nearest thousandth of a second and the Member ID, for all executed Contract trades and to the nearest thousandth of a second for all Orders to trade Contracts.

(c) A Member can submit instructions, via Ludlow's interface (website, mobile application, or API) to cancel an Order which that Member has placed on the Platform if that Order has not yet been executed. Upon submission of instructions to either cancel or modify an Order that has not been executed, the Ludlow system will withdraw the Order from the Order Book and confirm the cancellation of the Order.

Rule 5.4 Handling of Orders

(a) All trading on Ludlow's Order Book is conducted on a fully anonymous basis.

(b) Prohibition on disclosing orders:

(c) It is a violation of this Rule 5.4 for any Person to disclose another Person's Order to buy or sell any Contracts except as may be requested by Ludlow or the CFTC.

(d) It is a violation of this Rule 5.4 for any Person to act or direct another Person to act based on nonpublic order information, however acquired.

(e) Upon receipt of an instruction pursuant to Rule 5.3(c), Ludlow will attempt to cancel an existing Order as soon as possible. However, the Order may be executed before Ludlow is able to cancel it. If an Order has been filled in whole or in part, only that portion of the Order (if any) that has not been executed may be canceled.

(f) No Member shall use information received through an RFQ, including information regarding the Contract, requested Direction, requested size, Legs or Constituent Contracts, Quote, acceptance, confirmation, or failure to confirm, for any purpose inconsistent with these Rules. Without limiting the foregoing, no Member shall enter, modify, cancel, or cause another Person to enter, modify, or cancel an Order for the purpose of taking improper advantage of nonpublic RFQ information.

Rule 5.5 Disputed Orders

(a) If a Member believes that an Order to trade one or more Contracts was incorrectly executed or rejected by Ludlow, that Member may request a review of the Order by providing the Order number and/or the transaction number for the Order and stating the grounds for its disagreement with the handling of the Order.

(b) Upon receipt of a request for review of an Order and the Ludlow confirmation number, Ludlow will review its electronic audit trail to determine if the Ludlow trading system correctly interpreted and executed the Order.

(c) If the review described in paragraph (b) of this Rule reveals that the Ludlow trading system made a mistake, the Order will be canceled and the accounts of all Members that were party to the Order will be returned to their state before the Trade was executed.

(d) If the review described in paragraph (b) of this Rule reveals that the Ludlow trading system did not make a mistake, Ludlow will inform the Member who requested the review of its determination that the Order was properly handled, the evidence supporting that determination, and that an adjustment will not be made.

(e) A Member may appeal a determination under this Rule to the Compliance Department. The Member making the appeal will be required to provide a response to the evidence described in this Rule that the order was properly handled, and the Member may provide any other information it wishes to disclose. If the appeal does not contain a response to the evidence, it will be rejected. The Compliance Department will decide on the appeal no later than ten (10) days after its receipt, and that decision will be final.

(f) Ludlow will document in writing all requests for review of orders received by Ludlow, the time and manner in which Ludlow reviewed its electronic audit trail in response to the request, the outcome of that review, and the action or actions taken by Ludlow in response to that review, including the results of any appeal filed under paragraph (e) of this Rule and the review conducted by the Compliance Department in deciding that appeal.

Rule 5.6 Priority of Orders

Ludlow's Order Book matches Orders in an open and competitive manner, strictly according to price-time priority. Orders at a better price have priority over Orders at inferior prices. Among Orders at the same price, Orders are executed in the order in which they were received.

Rule 5.7 Filling Orders to Trade Contracts

(a) The Ludlow trading system will fill all Orders to trade Contracts on an "or better" basis.

(b) A written record of all terms of each Trade entered into on Ludlow or pursuant to the Rules will be available immediately upon execution. Ludlow will send confirmation messages to Members upon execution of a Trade through the medium

appropriate for each Member. The contract type, size, and execution time for each Trade will be made available on the website after execution.

Rule 5.8 Trade Cancellations

(a) As a Contract Market, Ludlow has the authority to adjust Trade prices or cancel Trades when necessary to mitigate market disrupting events caused by malfunctions on its Platform.

(b) Ludlow, in its discretion and in accordance with these Rules, may cancel a Trade that has been executed on the market at a price that is inconsistent with prevailing market conditions due to improper or erroneous orders or quotes being matched on the Platform. Likewise, because of the nature of Ludlow Contracts, there will generally be no cancellation or adjustment of an erroneous Trade except in extraordinary circumstances as determined by Ludlow.

(c) In addition to a Contract adjustment raised under Chapter 7, Ludlow may review a Trade based on its own analysis of the market or pursuant to a request for review by a Member. A request for a review by a Member must be received by Ludlow no later than fifteen (15) minutes after the Trade has been executed on the Platform and before the Expiration of the Contract. Ludlow will promptly determine whether the Trade will be subject to review and then promptly post notice indicating that the Trade is under review.

(1) During the review, Ludlow will calculate a fair market value for the Contract at the time of the questioned Trade by utilizing the last traded price of the Contract at the time of the Trade and/or any other relevant market information obtained or presented to Ludlow.

(2) Once a fair market value has been calculated, a fifty (50) cent range will be added above and below such fair market value to determine the "No Cancellation Range." Ludlow reserves the right to override this range in extraordinary circumstances.

(3) If a Trade has been executed within the No Cancellation Range, the executed Trade will stand. If a Trade has not been executed within the No Cancellation Range, Ludlow shall have the authority, but not the obligation, to cancel or adjust such Trade. Once a Trade is determined to be canceled or adjusted, Ludlow will:

(A) Notify all interested parties to the Trade as soon as practicable following such determination; and

(B) Publish its decision on the Ludlow website.

(4) The decisions of Ludlow regarding fair market value of the Contract, the No Cancellation Range, the cancellation of a Trade, or any other determination hereunder shall be final and not subject to appeal.

Rule 5.9 Viewing the Market and Executed Orders

Ludlow will, at all times, allow its Members to view the current best bid and offer on the Platform, the open interest, the trade volume, as well as the depth of the Order Book up to the fifth level of prices.

Rule 5.10 Hours for Trading Contracts

Trading shall be available at all times outside of any maintenance windows, which may be announced from time to time.

Rule 5.11 Prohibited Transactions and Activities

Except as otherwise permitted by these rules:

(a) Members are prohibited from entering Orders on the Platform if there are insufficient funds or Contracts in the Member's Account to satisfy such Orders if they are executed. Ludlow may, in its discretion, take such action against a Member if the circumstances warrant, subject to Rule 9.3 and Rule 9.8.

(b) No Member shall enter into or attempt to enter into any non-competitive Trade on the Platform, including any accommodation Trade or any Trade that has been directly or indirectly prearranged except as allowed under these Rules. For example, a Member may not agree in advance with another Member that one of the Members will enter an Order and the other Member will attempt to trade against that Order by timing the submission of orders or otherwise.

(c) No Member shall enter into or attempt to enter into any Trade on the Platform that:

(1) Does not result in a change in beneficial ownership;

(2) Is designed to inflate trading volume;

(3) In any way attempts to circumvent the Platform's order processing, trade ordering, trade execution systems, or otherwise to circumvent exposure of the order to open and competitive bidding on the Platform; or

(4) That has some other illegitimate purpose.

(d) No Member shall enter into any Trade designed or used to cause any price for a Contract other than a true and bona fide price to be reported, registered, or recorded by the Platform.

(e) No Member shall trade in, transfer, assign, or otherwise dispose of Contracts other than as provided for in these Rules.

(f) No Member shall enter into or agree to transfer or transfer the benefit of any position in any Contract to another Person other than through a transaction executed through the Platform.

(g) No Member shall trade for a Person other than itself, unless so authorized under these Rules.

(h) No Member may deposit funds or allow funds to be deposited into their Member Account unless the Member has the legal right to deposit those funds into their Member Account. Ludlow may deposit funds into a Member's Account, including but not limited to, in the event of an order cancellation, trade cancellation, expiration value adjustment, ledger adjustment, refund of wire transfer fees, or incentive program.

(i) No Member shall engage in any activity that presents a risk of harm to Ludlow, its Members, or the public.

(j) No Member shall engage in any activity that adversely affects the integrity of the Platform or its underlying systems.

(k) No Member subject to arbitration under these rules shall fail to abide by an arbitration decision or award handed down under Chapter 11.

(l) No Member shall intentionally provide misleading, erroneous, or fraudulent information to Ludlow on a Member Application or otherwise.

(m) No Member shall create a false appearance of a partnership, agency, employment, or affiliate relationship with Ludlow and no Member shall unlawfully solicit Member funds for deposit at Ludlow.

(n) No Member may operate or solicit in any capacity that may require registration with the CFTC without being properly registered.

(o) No Member shall engage in any activity that is intended to, or has the effect of, manipulating the market in violation of Sections 6(c) and 9(a)(2) of the CEA and no Member shall engage in any other activity that would violate the CEA or the CFTC's Regulations.

(p) No Member shall engage in conduct or practices inconsistent with just and equitable principles of trade or conduct or practices detrimental to the best interests of the Exchange and its Members.

(q) No Member shall engage in any pre-arranged, manipulative, fraudulent, or disruptive trading practices prohibited by the CEA or by the CFTC pursuant to its regulations, including but not limited to any trading activity intended to accomplish a "money pass", "wash trade" or "front-running" as such terms are defined by the CFTC and any of its regulations.

(r) No Member shall deposit funds into its Member Account from an account which does not hold sufficient funds at the time of deposit, and at the time the deposit is presented by Ludlow for payment.

(s) No Member shall make a false representation to a third party regarding any deposit made into that Member's Account which would result in a chargeback or stop payment of funds to the Member Account.

(t) No Member shall allow their Member Account balance to become negative by any means. In the event that a Member Account balance becomes negative, the Member must immediately deposit additional funds to correct the deficiency. Any Member whose Member Account carries a negative balance for thirty (30) days or more is subject to summary termination of membership. Ludlow may, in its discretion, take such other action against a Member if the circumstances warrant, subject to Rule 9.3 and Rule 9.8.

(u) If a Member is an Insider that has access to material nonpublic information that is the subject of an Underlying of any Contract or that has the ability to exert any influence on the subject of an Underlying of any Contract, that Member is prohibited from attempting to enter into any trade or entering into any trade, either directly or indirectly, on the market in such Contracts. An "Insider" means any Member who has access to or is in a position to have access to material nonpublic information before such information is made publicly available. A Member who is an employee or affiliate of a Source Agency for any Contract is prohibited from attempting to enter into any trade or entering into any trade, either directly or indirectly, on the market in such Contracts.

(v) If a Member is a decision maker, either directly or indirectly, or has any influence, either directly or indirectly, no matter the scale and importance of the influence, on the outcome of the Underlying (event) of any Contract, that Member is prohibited from attempting to enter into any trade or entering into any trade, either directly or indirectly, on the market in such Contracts.

(w) No Member shall engage in any activity that constitutes fraudulent or abusive trading, including but not limited to violating bids or offers, demonstrating intentional or reckless disregard for the orderly execution of transactions during the closing period, or spoofing.

(x) No Member shall, directly or indirectly, intentionally or recklessly:

(1) Use or employ, or attempt to use or employ, any manipulative device, scheme, or artifice to defraud;

(2) Make, or attempt to make, any untrue or misleading statement of a material fact, or omit to state a material fact necessary in order to make the statements made not untrue or misleading; or

(3) Engage, or attempt to engage, in any act, practice, or course of business, which operates or would operate as a fraud or deceit upon any Person.

(y) No Member shall submit an RFQ, Quote, acceptance, confirmation, failure to confirm, or related message for the purpose of entering into a non-competitive Trade, prearranged Trade, accommodation Trade, wash Trade, fictitious Trade, or other Trade prohibited by this Rule 5.11. No Member shall use the RFQ process to evade exposure to open and competitive bidding on the Platform, to extract pricing information without a bona fide intent to trade, or to disrupt the fair and orderly operation of Ludlow.

Rule 5.12 Position Accountability

(a) Ludlow imposes Position Accountability Levels on all Contracts as specified in each Contract's terms and conditions, except for those Contracts where Ludlow imposes a Position Limit under Rule 5.13.

(b) Any Member who exceeds a Position Accountability Level is required to provide to the Compliance Department all information regarding its position that the Compliance Department deems necessary.

(c) A Member whose position exceeds the Position Accountability Level must refrain from increasing the size of their position or reduce the size of their position in a timely fashion if instructed to do so by Ludlow. If a Member fails to reduce a position as instructed by Ludlow's Compliance Department, Ludlow shall have the authority to liquidate the applicable position to a level below the Position Accountability Level or a limit imposed on the Member under this paragraph.

(d) Violations of the requirements in this Rule, including the requirement to provide information to Ludlow's Compliance Department, may result in disciplinary action in accordance with Chapter 9.

(e) For purposes of position accountability, surveillance, risk controls, and market-integrity reviews, Ludlow may aggregate positions in Combination Contracts with positions in their Legs, Constituent Contracts, related Contracts, and other Combination Contracts that reference one or more of the same Legs or Constituent

Contracts, in such manner as Ludlow determines is reasonably designed to prevent evasion and protect market integrity.

Rule 5.13 Position Limits

(a) Ludlow may impose Position Limits on all Contracts, which will be specified in each Contract's terms and conditions. Any Member who exceeds a Position Limit shall be deemed in violation of this Rule. In addition, any Member entering bids or offers, if accepted, which would cause that Member to exceed the applicable Position Limit shall be in violation of this Rule. As described in Chapter 4, a Market Maker is not subject to the Position Limits imposed under this Rule 5.13 in regard to Contracts for which the Market Maker is required to adhere to Market Maker obligations under Chapter 4.

(b) If a Member fails to reduce any position in a manner and time as directed by Ludlow, Ludlow shall have the authority to liquidate the applicable position to a level below the defined Position Limit stipulated under the relevant Contract.

(c) In addition to the restrictions and requirements imposed in this Rule 5.13, the first violation of a Position Limit by a Member may result in a letter of warning to be issued by the Ludlow Compliance Department to the Member or the initiation of proceedings in accordance with Chapter 9.

(d) In addition to the restrictions and requirements placed in this Rule 5.13, any subsequent violation of a Position Limit by a Member within twelve (12) months after a violation that resulted in a letter of warning, will result in the initiation of proceedings in accordance with Chapter 9.

(e) Ludlow may establish a Reportable Position level, a Position Accountability Level, or a Position Limit for Contracts. This information may be used by Ludlow's Compliance to conduct surveillance.

(f) Position limits shall apply to:

(1) All positions in accounts for which any Person by power of attorney or otherwise, directly or indirectly holds positions or controls trading; and

(2) Positions held by two or more Persons acting pursuant to an express or implied agreement or understanding the same as if the positions were held by, or the trading of the position were done by, a single Person.

(g) In no instance may a Member's position exceed any applicable limit established by the CFTC.

(h) For purposes of position limits, Ludlow may aggregate positions in Combination Contracts with positions in their Legs, Constituent Contracts, related Contracts, and other Combination Contracts that reference one or more of the same Legs or Constituent Contracts, in such manner as Ludlow determines is reasonably designed to prevent evasion and protect market integrity.

Rule 5.14 Opening of Trading in a Contract

(a) Each Contract will commence trading on the day and at the time that Ludlow has announced.

(b) Ludlow shall announce the date of the first day of trading in a Contract as well as the time of day when Members may first enter bids and offers in the Contract on the Platform; provided, however, Ludlow may conduct an auction upon initial listing of a Contract for trading in accordance with Rule 5.15.

(c) Ludlow will provide sufficient prior notice of any contract opening. For the purpose of this Rule, one (1) hour will be deemed sufficient notice.

(d) After it is opened, each Contract will be continuously available for trading until it settles finally in accordance with its Contract rules.

Rule 5.15 Auction

(a) If Ludlow determines to conduct an auction it will provide notification to the Ludlow marketplace on its website, along with the rules of the auction.

(b) Ludlow will match and execute the greatest possible number of Orders entered during the auction. The price at which the Orders are executed by the Exchange will be published as the auction price. If no Orders can be matched and executed during the auction, no auction price will be published.

(1) In the event no Orders were matched, Ludlow may determine to conduct another auction after sufficient notice has been provided to the market at the start of the pre-trade period. For the purpose of this paragraph, five (5) minutes will be deemed sufficient notice.

(2) An Order placed during the previous pre-trade period will be held in the Order Book and will be eligible for execution during the auction unless the Order is canceled by the Member prior to the start of the pre-trade period.

(c) Orders entered during an auction that were not matched and executed by Ludlow may remain in the Order Book unless they are canceled by the Member. They may be executed during the subsequent trading in the Contract.

(d) Ludlow will post the matching procedures it uses for auctions on the Exchange website.

CHAPTER 6: CLEARING AND SETTLING CONTRACT TRADES, SETTLEMENT, AND WITHDRAWAL REQUESTS

Rule 6.1 Clearance

(a) Clearinghouse shall clear all Transactions executed pursuant to Chapter 5.

(b) All Member positions are fully cash collateralized. No Member may take positions that would lead to an exposure that exceeds the funds deposited in the relevant Member Account.

(c) If a trade is rejected for clearing by Clearinghouse for any reason, such trade is void ab initio.

(d) In the event of any conflict or inconsistency between these Rules and the Clearinghouse rules with respect to any Member's responsibilities or obligations under the Clearinghouse rules, the Clearinghouse rules shall prevail. As stated in Chapter 3, all Members are bound by the Clearinghouse rules.

Rule 6.2 Settlement

(a) For an event contract swap, when a Contract expires and has a Payout Criterion that encompasses the Expiration Value of the Underlying, such Contract will pay the Settlement Value for such Contracts.

(b) A Combination Contract expires and is settled after ~~the last constituent Outcome~~each Leg has ~~occurred~~settled or has been valued as a Voided Leg under paragraph (c) of this Rule, or, if any Leg has settled contrary to the Direction specified for that Leg, at such earlier time as Ludlow may determine. Before Settlement, Ludlow may, at its sole discretion, initiate the Market Outcome Review Process as provided in Rule 7.1 for any constituent Outcome.

(c) Unless otherwise specified in the applicable Contract Specifications:

(1) ~~A~~The settlement values in this Rule 6.2(c) are stated for positions in the YES Direction of the Combination Contract. Positions in the NO Direction shall settle ~~YES only if each Leg settles as a win~~at $1.00 minus the applicable settlement value.

(2) A Combination Contract shall settle ~~NO only~~at $0.00 if any Leg settles contrary to the Direction specified for that Leg.

(3) A Combination Contract shall settle at $1.00 if every Leg settles ~~as a win or a loss and at least one~~in the Direction specified for that Leg.

~~(2)~~ If no Leg settles ~~as a loss.~~

(4) ~~If~~ contrary to its specified Direction and one or more Legs is voided, cancelled, postponed beyond the period specified by Ludlow, or otherwise does not settle ~~as a win~~in or contrary to its specified Direction (a "Voided Leg"), the Combination Contract shall settle at the product of the values of its Legs, rounded to the nearest ten-thousandth. Each Leg that settles in its specified Direction shall be valued at $1.00, and each Voided Leg shall be valued at the settlement value determined under the rules of the underlying market for a position in the Direction specified for that Leg, ordinarily the last traded price for that Direction.

~~(3)~~(5) A Combination Contract shall not be voided, cancelled, or ~~loss, the Combination Contract shall settle by returning all amounts posted by the parties, and~~ refunded on account of a Voided Leg. Ludlow shall ~~not~~ retain applicable fees ~~with respect to such Contract, regardless of whether any other Leg has settled as a loss.~~in all settlement outcomes under this Rule 6.2(c).

~~(4)~~(6) Ludlow may specify additional or alternative settlement rules for Combination Contracts in the applicable Contract Specifications.

(d) Ludlow has sole discretion to interpret a Contract's terms and conditions. If, when a Contract expires, it cannot be determined whether the Expiration Value of the Underlying is within the scope of the Payout Criterion, or if it cannot be determined from the Payout Criterion what proportion of the Settlement Value should be distributed to long and short positions, Ludlow will determine the payouts to the holders of long and short positions in such Contracts. This includes, but is not limited to, circumstances where the Underlying cannot be measured and this contingency is not explicitly addressed in the Contract terms. To determine the payouts in these circumstances, Ludlow may implement the following methodologies:

(1) If available, Ludlow may use the last traded price of the Contract to determine the payout (e.g., a Contract that last traded at $0.10 for the long side and $0.90 for the short side would pay out $0.10 to holders of long positions and $0.90 to the holders of short positions).

(2) If a last traded price is not available, or if Ludlow determines at its sole discretion that the most recent last traded price does not represent a fair settlement, the Outcome Review Committee will be responsible for making a binding determination of fair allocation. Determinations of the Outcome Review Committee are final and not subject to review.

(3) When circumstances warrant, in Ludlow's sole discretion, Ludlow may void a trade ab initio.

(e) On the Settlement Date, Ludlow will cause and/or instruct Clearinghouse to:

(1) Notify all Members whether they will receive a Settlement Value;

(2) Settle the Contracts by paying settlement amounts to the appropriate accounts and collecting settlement amounts from appropriate accounts; and

(3) Delete all Contracts from Members' accounts, as applicable.

(f) Ludlow will distribute notification electronically at Settlement to all Members who hold the relevant Contract.

(g) Members are responsible for providing accurate account numbers to allow Ludlow and Clearinghouse to effect transfers to Members.

CHAPTER 7: MARKET OUTCOME REVIEW AND ADJUSTMENTS NECESSITATED BY MATERIAL CHANGES IN THE UNDERLYING

Rule 7.1 The Market Outcome Review Process

(a) Before Settlement, Ludlow may initiate the Market Outcome Review Process, at its sole discretion and by taking into account several factors including any circumstances that may have a material impact on the reliability or transparency of the Underlying related to the Contract. Under this process, the Outcome Review Committee will determine the final Market Outcome. Settlement will occur on the date that the Outcome Review Committee reaches a determination on the Contract's final Market Outcome. If the Market Outcome Review Process is initiated, Ludlow will post on its website that the Contract's Market Outcome is under review.

(b) The Outcome Review Committee shall review all relevant evidence and determine a final Market Outcome within a twenty-four (24) hour period after the Market Outcome Review Process is initiated.

(c) The Outcome Review Committee has full discretion in resolving the Market Outcome Review Process. The determinations made by the Outcome Review Committee are final.

(d) To the extent applicable, the Market Outcome Review Process set forth in this Rule 7.1 is subject to the terms and procedures set forth in Rule 2.10.

Rule 7.2 Contract Modifications

(a) 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, Ludlow retains the authority to designate a new Source Agency and Underlying for that Contract and to change any associated contract specifications after the first day of trading. That new Source Agency and Underlying would be objective and verifiable. Ludlow would announce any such decision on its website.

(b) If any circumstance arises which would prevent the Expiration Value from being determined accurately at Expiration, including but not limited to the rescheduling or cancellation of an event whose outcome governs a Contract's Underlying, or delayed data from a source, Ludlow shall have the power to adjust the Expiration Date and the timing of Expiration of the Contract, which will be announced on its website.

(c) If an Expiration Value that is included in the Payout Criterion of a Contract occurs prior to the Expiration Date of a Contract, Ludlow may adjust the Expiration Date and the timing of Expiration to be earlier, which will be announced on its website.

(d) If the Exchange modifies the Expiration Date in accordance with this Rule, whether by advancing or extending such date, the Contract's Last Trading Date and Time shall be adjusted accordingly. In no event shall trading in the Contract continue after the modified Expiration Date. The Exchange may, in its discretion, set the Last Trading Date and Time to occur prior to the modified Expiration Date where it determines that doing so is necessary to preserve the fairness or integrity of the market, including where the Expiration Value is reasonably likely to become ascertainable in advance of the modified Expiration. In the event of successive modifications to the Expiration Date, the Last Trading Date and Time shall be adjusted each time in accordance with this paragraph.

(e) To the extent applicable, the contract modification process set forth in this Rule 7.2 is subject to the terms and procedures set forth in Rule 2.10.

CHAPTER 8: INVESTMENT OF MEMBER FUNDS

Rule 8.1 Investment of Member Funds

(a) Ludlow does not hold or invest Member funds.

(b) Member funds on deposit with Clearinghouse will be held in the manner set forth in the Clearinghouse Rulebook.

(c) Member funds may be invested by Clearinghouse to the extent allowed in the Clearinghouse Rulebook.

(d) Clearinghouse may pay interest to Members' Accounts at a rate to be determined by Clearinghouse on funds in Members' Accounts in excess of an amount to be determined by Clearinghouse.

(e) Ludlow may pay interest to Members' Accounts at a rate to be determined by Ludlow on some or all of the funds held in Members' Accounts as determined by Ludlow.

CHAPTER 9: DISCIPLINE AND RULE ENFORCEMENT

Rule 9.1 Monitoring the Market

(a) Ludlow shall conduct and oversee market surveillance and trade practice surveillance to alert Ludlow when potentially unusual trading activity takes place. Ludlow has contracted with the NFA to provide certain regulatory services pursuant to a regulatory services agreement (the "Regulatory Services Agreement"). In accordance with the Regulatory Services Agreement, the NFA may perform certain surveillance, investigative, and regulatory functions under the Rules and Ludlow may provide information to the NFA in connection with the performance by the NFA of those functions. Without limitation of the foregoing, any of the powers or functions of Ludlow under these Rules may be delegated to the NFA pursuant to the Regulatory Services Agreement in such manner and on such terms as Ludlow and the NFA may mutually agree, consistent with Applicable Law. The Compliance Department will conduct continuous real-time monitoring of trading activity on the Platform to identify potential market disruptions, system anomalies, or other issues requiring immediate attention.

(b) All Persons within Ludlow's jurisdiction are subject to this Chapter 9 if they are alleged to have violated, to have aided and abetted a violation, to be violating, or to be about to violate, any Rule or any provision of Applicable Law for which Ludlow possesses disciplinary jurisdiction.

Rule 9.2 Investigations

(a) Ludlow or its regulatory service provider may investigate any potential irregularities or exceptions it identifies in connection with the services it provides to Ludlow.

(b) Ludlow or its regulatory service provider shall commence an investigation upon the receipt of a request from CFTC staff or upon the discovery or receipt of information by Ludlow that indicates a reasonable basis for finding that a violation may have occurred or will occur.

(c) During an investigation, Ludlow or its regulatory service provider may conduct certain investigatory activities, including collecting documents and statements under oath from a Member under investigation.

(d) Upon identifying potential Rule violations or anomalous activity, the Compliance Department may refer the activity to the regulatory service provider for investigation.

(e) If the regulatory service provider has a reasonable basis to believe that a Rule violation has occurred, the regulatory service provider shall prepare a written report (the "Investigation Report"), which shall comply with relevant CFTC Regulations and summarize the investigative findings. The Investigation Report shall include:

(1) The reason the investigation was initiated;

(2) A summary of the complaint, if any;

(3) The relevant facts;

(4) The investigator's analysis and conclusions; and

(5) A recommendation as to whether disciplinary action should be pursued.

(f) The regulatory service provider shall forward the Investigation Report to the Chief Compliance Officer, with a copy to the Chief Regulatory Officer, for further action as may be appropriate in accordance with Ludlow's disciplinary rules and process.

(g) If the regulatory service provider determines that no reasonable basis exists for finding a Rule violation, the regulatory service provider will notify the Chief Compliance Officer, with a copy to the Chief Regulatory Officer, and prepare an Investigation Report that includes: the reason the investigation was initiated; a summary of the complaint, if any; the relevant facts; and the investigator's analysis and conclusions.

(h) Absent mitigating factors, the regulatory service provider shall provide the Investigation Report in sufficient time to enable Ludlow to complete the investigation within twelve (12) months from the date of opening the investigation.

Rule 9.3 Disciplinary Hearings and Appeals

(a) The Notice of Charges

(1) If, after reviewing the Investigation Report, the Chief Compliance Officer, in consultation with the Chief Regulatory Officer, determines that a reasonable basis exists for finding a violation of the Rules or Applicable Law and that adjudication is warranted, then the Chief Compliance Officer shall initiate a disciplinary proceeding and issue a Notice of Charges to the last known email address of the Member or Authorized Trader (the "Respondent").

(2) The Notice of Charges shall:

(A) State the acts, conduct, or practices that the Respondent is alleged to have engaged in;

(B) State the Rule or Applicable Law alleged to have been violated (or about to be violated);

(C) Advise the Respondent that they are entitled, upon request, to a hearing on the charges;

(D) Advise the Respondent of their right to have counsel or representation;

(E) State the period within which a hearing on the charges may be requested;

(F) State the proposed penalty or penalties;

(G) Advise the Respondent that the failure to request a hearing within the period prescribed in the Notice of Charges, except for good cause, may be deemed a waiver of the right to a hearing; and

(H) Advise the Respondent that the failure to answer or deny a charge in the Notice of Charges may be deemed to be an admission of such charge.

(b) Respondent's Answer

(1) If the Respondent decides to contest some or all of the charges in the Notice of Charges, then Respondent must submit an Answer to the Compliance Department by email within fifteen (15) business days of receiving the Notice of Charges.

(2) The Respondent's Answer must specify the allegations that the Respondent admits or denies and provide any specific facts that contradict the Notice of Charges or support an affirmative defense.

(3) If the Respondent fails to timely submit an Answer to the Notice of Charges, Ludlow will deem such failure an admission to the allegations in the Notice of Charges. The Chief Compliance Officer will impose the penalty (if any) proposed in the Notice of Charges.

(4) If the Respondent fails to answer an allegation in the Notice of Charges, Ludlow will deem such failure an admission of that allegation.

(5) If the Respondent fails to expressly deny an allegation in the Notice of Charges, Ludlow will deem such failure an admission of that allegation.

(6) In general, the Respondent may review all relevant books, documents, or other evidence in the possession or under the control of Ludlow.

(7) Notwithstanding the general rule, Ludlow may withhold books, documents, or other evidence in its possession or control that: are privileged or constitute attorney work product; were prepared by any employee of Ludlow but will not be offered as evidence in the disciplinary proceeding; may disclose a technique or guideline used in examinations, investigations, or enforcement proceedings; or disclose the identity of a confidential source.

(c) Disciplinary Hearing

(1) If the Respondent contests the findings and conclusions, the Notice of Charges and Respondent's Answer shall be referred to the Disciplinary Panel for a hearing.

(2) A disciplinary hearing shall be scheduled within twenty (20) business days of the Disciplinary Panel receiving the Respondent's Answer.

(3) Disciplinary hearings may be conducted by telephone or video conference unless the Respondent elects to appear in person.

(4) The disciplinary hearing must be fair and impartial.

(5) The Respondent has the right to: representation by counsel; present evidence; call witnesses; and cross-examine witnesses.

(6) Prior to the disciplinary hearing, the parties may, but are not required to, submit proposed findings, briefs, and exhibits (including affidavits).

(7) Formal rules of evidence do not apply to the disciplinary hearing.

(8) Persons within Ludlow's jurisdiction who are called as witnesses must participate in the disciplinary hearing and produce evidence, as requested.

(9) Ludlow shall make reasonable efforts to secure the presence of all other persons called as witnesses whose testimony would be relevant.

(10) The Compliance Department, or the regulatory service provider on the Compliance Department's behalf, is responsible for presenting its case on all charges and proposed penalties that are the subject of the hearing.

(11) A decision by a majority of the Disciplinary Panel will constitute the decision of the Disciplinary Panel.

(12) Disciplinary hearings shall be recorded.

(13) The Compliance Department shall preserve all information submitted by the parties, the Disciplinary Panel's findings, and the recording of the hearing.

(14) A transcript of the disciplinary hearing will be prepared at the request of the CFTC or Respondent, or in the event the decision is appealed to the Appeals Panel.

(d) Disciplinary Decision

(1) The Disciplinary Panel shall issue a written decision within twenty (20) business days after the disciplinary hearing.

(2) The Disciplinary Panel's written decision shall include:

(A) A summary of the charges and any response to the charges;
(B) A summary of the evidence received;
(C) Findings and conclusions with respect to each charge;
(D) Each specific Rule or Applicable Law that the Respondent was found to have violated, if any;
(E) The penalty to be imposed on the Respondent, if any;
(F) The effective date and duration of the proposed penalty; and
(G) A statement that the Respondent has the right to appeal any adverse decision by the Disciplinary Panel to the Appeals Panel and must do so within fifteen (15) business days.

(3) The decision by the Disciplinary Panel is final on the date it is signed by a member of the voting majority.

(4) If no timely appeal is filed, the decision becomes the final decision of Ludlow.

(e) Appeals

(1) Either party may appeal the decision of the Disciplinary Panel within fifteen (15) business days by email to the Appeals Panel.

(2) Any penalties are stayed pending appeal unless the Disciplinary Panel determines that a stay pending appeal would likely be detrimental to Ludlow, other Members, or the public.

(3) The Appeals Panel will review the hearing record and any additional information submitted by the Compliance Department and the Respondent on appeal.

(4) The Appeals Panel shall issue a written decision that will become final on the date of issuance. The written decision shall include the same categories of information included in the Disciplinary Decision, as well as: a statement

that the Respondent may have a right to appeal the action pursuant to Part 9 of the CFTC's Regulations, within thirty (30) days of service; and a statement that the Respondent may petition the CFTC for a stay pursuant to Part 9 of the CFTC's Regulations, within ten (10) days of service.

(5) The Appeals Panel shall issue the written decision to the Respondent's last known email address.

Rule 9.4 Disciplinary Panel and Appeals Panel

(a) Disciplinary Panel

(1) The Disciplinary Panel shall be appointed by the Board, established prior to the commencement of each disciplinary proceeding, and composed of at least three individuals, including at least one person who would not be disqualified from serving as a Public Director.

(2) The Disciplinary Panel shall be responsible for conducting hearings, rendering decisions, and imposing sanctions with respect to any Disciplinary Action.

(3) 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.

(4) No member of the Disciplinary Panel shall (i) have a direct interest (financial, personal or otherwise) in the disciplinary matter; (ii) operate under the direction or control of any person or persons with trading privileges on the Platform; (iii) have interests that conflict with their enforcement duties; (iv) be a member of the Compliance Department or any person involved in adjudicating any other stage of the same proceeding.

(5) A separate Disciplinary Panel shall be established prior to the commencement of each disciplinary matter.

(b) Appeals Panel

(1) The Appeals Panel shall be composed of at least three individuals appointed by the Chief Regulatory Officer, including at least one person who would not be disqualified from serving as a Public Director.

(2) The Appeals Panel shall be responsible for conducting hearings of appeals of decisions of the Disciplinary Panel, rendering decisions of such appeals, and imposing sanctions with respect to such appeals.

(3) The Appeals Panel shall have such other powers and perform such other duties as set forth in these Rules and as the Board may determine from time to time.

(4) Members of the Compliance Department shall not be eligible to serve on the Appeals Panel.

(5) Members of a Disciplinary Panel may not serve on an Appeals Panel for the same matter.

Rule 9.5 Settlement of Investigations

(a) Ludlow may enter into a settlement with any Member who is the subject of an investigation. The Member may initiate a settlement offer within fifteen (15) business days of receiving the Notice of Charges. The settlement offer must be signed by the Respondent, submitted to the Compliance Department, and should contain proposed findings and a proposed penalty or penalties. Any settlement offer shall be forwarded to the Chief Compliance Officer with a recommendation by the Compliance Department that the proposed settlement be accepted, rejected, or modified. A settlement offer may be withdrawn at any time before it is accepted by the Chief Compliance Officer.

(b) The Chief Compliance Officer may accept or reject a proposed settlement, and the decision of the Chief Compliance Officer will be final. In addition, the Chief Compliance Officer may propose modifications to any element of the proposed settlement, including the proposed findings and the proposed penalty or penalties, for consideration by the Respondent or its authorized representative and the Compliance Department.

(c) Any settlement under this Rule will be written and will state:

(1) The charges or a summary of the charges;

(2) The response, if any, or a summary of the response;

(3) A summary of the investigation conducted;

(4) Agreed findings and conclusions as to each charge, including each act the person charged was found to have committed or omitted, be committing or omitting, or be about to commit or omit, and each of these Rules that such act or practice violated, is violating, or is about to violate; and

(5) Any penalty imposed and the penalty's effective date.

(d) Failed settlement negotiations, or withdrawn settlement offers, will not prejudice a Member or otherwise affect subsequent procedures in the rule enforcement process.

Rule 9.6 Notice and Publication of Disciplinary Action

(a) Ludlow will provide to the Person charged, notice of the disciplinary action, appeal determination, or settlement in which sanctions are imposed, no later than two (2) business days after it becomes final in accordance with the provisions of CFTC Regulation 9.11.

(b) Ludlow will make public notice of the disciplinary action by posting on its website, in accordance with CFTC Regulation 9.13, the information required by CFTC Regulation 9.11. The disciplinary action will be considered final on the date the notice of the disciplinary action is published on the Ludlow website.

Rule 9.7 Penalties

(a) As a result of a disciplinary proceeding or as part of a settlement, Ludlow may impose one or more of the following penalties, commensurate with the violation committed, in consideration of any relevant disciplinary history, and including full restitution where Member harm is identified and where such restitution can be reasonably determined:

(1) A letter of warning, although Ludlow may not issue more than one such letter to the same Person found to have committed the same rule violation within a rolling twelve (12) month period;

(2) A fine or penalty fee for each violation of any Rule or Applicable Law sufficient to deter recidivism, which Ludlow may cause and/or instruct Clearinghouse to deduct from the relevant Member Account balance;

(3) Disgorgement of profits that resulted from the violation of any Rule, plus the cost of damages to any unoffending counterparties, which Ludlow may cause and/or instruct Clearinghouse to deduct from the relevant Member Account balance;

(4) Suspension of Trading or Member status or privileges for a specified period, including partial suspension of such privileges (for example, suspension of trading privileges in particular types of Contracts or of placement of certain types of orders);

(5) Revocation of Trading or Member status or privileges, including partial revocation of such privileges (for example, revocation of trading privileges in particular types of Contracts or of placement of certain types of orders); and

(6) Interest, at the prime rate, as reported by the Wall Street Journal as of the date the amount becomes due, on any outstanding account balance,

monetary fine, penalty fee, or disgorgement amount owed, compounded monthly and calculated from the date when the amount was first due and payable.

Rule 9.8 Summary Suspension

(a) Ludlow may summarily suspend or restrict Trading or Member privileges if the Chief Compliance Officer believes suspension or restriction is necessary to protect the markets, Ludlow, the public, or other Members.

(b) Whenever practicable Ludlow will notify the Authorized Traders or Members whose privileges are to be summarily suspended by email before the action is taken. If prior notice is not practicable, the Member shall be served with notice by email at the earliest opportunity. This notice shall:

(1) State the action taken or to be taken;

(2) Briefly state the reasons for the action;

(3) State the time and date when the action became or becomes effective and its duration; and

(4) State that any Member aggrieved by the action may petition the CFTC for a stay of the effective date of the action pending a hearing pursuant to Part 9 of the CFTC's Regulations, within ten (10) days of service.

(c) The Authorized Traders or Member whose privileges are to be summarily suspended shall be given an opportunity for appeal under the procedures outlined in Rule 9.3(e). The decision affirming, modifying, or reversing the summary suspension shall be furnished by email to the suspended Authorized Trader or Member and the CFTC no later than one (1) business day after it is issued. The decision shall contain:

(1) A description of the action taken and the reasons for the action;

(2) A brief summary of the evidence received during the appeal process;

(3) Findings and conclusions;

(4) A determination as to whether the summary action that was taken should be affirmed, modified, or reversed;

(5) A declaration of any action to be taken against the suspended Member as the result of that determination;

(6) The effective date and duration of that action;

(7) A determination of the appropriate relief based on the findings and conclusions;

(8) A statement that any person aggrieved by the action may have a right to appeal the action pursuant to Part 9 of the CFTC's Regulations, within thirty (30) days of service; and

(9) A statement that any person aggrieved by the action may petition the CFTC for a stay pursuant to Part 9 of the CFTC's Regulations, within ten (10) days of service.

Rule 9.9 Representation by Counsel

An Authorized Trader or Member who is a subject of any proceedings under this Chapter has the right to retain and be represented by counsel or any other representative of its choosing in all succeeding stages of the disciplinary process at its own expense, except any member of Ludlow's Board of Directors or Disciplinary Panel, any employee of Ludlow, or any person substantially related to the underlying investigations, such as a material witness or a respondent.

Rule 9.10 Reporting Violations to the CFTC

(a) Whenever Ludlow suspends, expels, fines or otherwise disciplines or denies any Person access to the Platform, Ludlow will make the disclosures required by CFTC Regulations.

(b) Ludlow will submit to the CFTC a schedule listing all those Ludlow Rule violations which constitute disciplinary offenses as defined in paragraph (a)(6)(i) of CFTC Regulation 1.63 and, to the extent necessary to reflect revisions, will submit an amended schedule within thirty (30) days of the end of each calendar year. Ludlow will maintain the schedule required by this section and post the schedule on Ludlow's website.

(c) Ludlow will submit to the CFTC within thirty (30) days of the end of each calendar year a certified list of any Persons who have been removed from any Disciplinary Panel, the Board or any Ludlow committee pursuant to these Rules or Applicable Law during the prior year.

(d) Whenever Ludlow finds by final decision that a Person has violated a Rule or otherwise committed a disciplinary offense and such finding makes such Person ineligible to serve on Ludlow's Disciplinary Panel, Ludlow committees, or the Board, Ludlow shall inform the CFTC of such finding and the length of the ineligibility in a notice it is required to provide to the CFTC pursuant to either CEA Section 17(h)(1) or CFTC Regulation 9.11.

CHAPTER 10: INFORMAL DISPUTE RESOLUTION

Rule 10.1 Scope

This Chapter 10 applies to any Dispute. For the avoidance of doubt, this Chapter 10 does not apply to disputes between Members, which are governed by Chapter 11.

Rule 10.2 Condition Precedent to Arbitration

Compliance with the informal dispute resolution process set forth in this Chapter 10 and the Member Agreement is a condition precedent to a Member commencing any arbitration or other formal proceeding against Ludlow or any other Ludlow Party under Chapter 11 or otherwise.

Rule 10.3 Notice of Dispute and Informal Resolution Process

A Member initiating a Dispute must submit a written Notice of Dispute to Ludlow and engage in good faith informal resolution efforts, including, if requested by Ludlow, an individual informal conference by telephone or videoconference, in each case in accordance with the requirements, content, timing, and procedures set forth in the Member Agreement.

Rule 10.4 Tolling

Any applicable limitations period or other deadline relating to a Dispute, including the two (2) year period set forth in Rule 12.3(b), shall be tolled solely for the period during which the parties initiate and engage in the informal dispute resolution process set forth in this Chapter 10 and the Member Agreement.

CHAPTER 11: ARBITRATION

Rule 11.1 Member vs. Member Disputes

Any dispute, controversy, or claim between or among Members (including their Authorized Traders) related to or arising out of any Contract executed on the Platform, or otherwise related to or arising out of a Member's membership in or use of Ludlow, shall be resolved by binding arbitration in New York, New York, in accordance with the Member Agreement. Any award shall be final and binding and may be enforced in any court of competent jurisdiction.

Failure by a Member or Authorized Trader to arbitrate a claim subject to this Rule 11.1, the commencement of a suit in any court in lieu of such arbitration, or the failure to timely satisfy an award rendered hereunder, violates these Rules and subjects such Member or Authorized Trader to disciplinary proceedings under Chapter 9, including summary suspension under Rule 9.8, unless the parties mutually agree otherwise.

Rule 11.2 Member vs. Exchange Disputes

Any Dispute shall be resolved by final and binding arbitration administered by JAMS in New York, New York, in accordance with the Member Agreement. The arbitration shall be governed by the Federal Arbitration Act, notwithstanding any other choice of law set forth in this Rulebook or the Member Agreement, and any issues concerning the scope, validity, enforceability, or arbitrability of the arbitration provisions shall be delegated to the arbitrator.

Compliance with the informal dispute resolution process set forth in Chapter 10 of this Rulebook and the Member Agreement is a condition precedent to a Member commencing arbitration under this Rule 11.2. Any award issued under this Rule 11.2 shall be final and binding on the parties and may be enforced in any court of competent jurisdiction.

Rule 11.3 Class Action Waiver

To the maximum extent permitted by Applicable Law, any Dispute between a Member and Ludlow or any other Ludlow Party shall be brought only on an individual basis and not as a class, collective, consolidated, representative, private attorney general, or qui tam action, in each case in accordance with the Member Agreement. This Rule 11.3 does not apply to disputes between or among Members.

This Rule 11.3 is non-severable from Rule 11.2 (Member vs. Exchange Disputes). If this Rule 11.3 is found unenforceable as to a particular Dispute, remedy, or form of relief, Rule 11.2 shall be null and void as to such Dispute, remedy, or form of relief, and the matter shall instead be resolved in a court of competent jurisdiction.

CHAPTER 12: GENERAL PROVISIONS

Rule 12.1 Property Rights

Each Member hereby acknowledges and agrees that Ludlow owns and shall retain all right, title and interest in and to Ludlow, all components thereof, including, without limitation, all related applications, all application programming interfaces, user interface designs, software and source code and any and all intellectual property rights therein, including, without limitation, all registered or unregistered, as applicable, copyright, trademark, service mark, trade secret, trade name, data or database rights, design rights, moral rights, inventions, whether or not capable of protection by patent or registration, rights in commercial information or technical information, including know-how, research and development data and manufacturing methods, patent, and other intellectual property and ownership rights, including applications for the grant of any of the same, in or to Ludlow and all other related proprietary rights of Ludlow and/or any of its affiliates (together, with any and all enhancements, corrections, bug fixes, updates and other modifications to any of the foregoing and any and all data or information of any kind, other than proprietary data and personal information, transmitted by means of any of the foregoing, including, without limitation, market data, the "Proprietary Information"). Each Member further acknowledges and agrees that the Proprietary Information is the exclusive, valuable, and confidential property of Ludlow. Each Member acknowledges and agrees that it shall not reverse engineer, copy, bug fix, correct, update, transfer, reproduce, republish, broadcast, create derivative works based on, or otherwise modify, in any manner, all or any part of Ludlow or the Proprietary Information. Each Member further agrees to keep the Proprietary Information confidential and not to transfer, rent, lease, copy, loan, sell or distribute, directly or indirectly, all or any portion of Ludlow or any Proprietary Information.

Rule 12.2 Signatures

Rather than rely on an original signature, Ludlow may elect to rely on a signature that is transmitted, recorded or stored by any electronic, optical, or similar means (including but not limited to telecopy, imaging, photocopying, email, electronic data interchange, telegram, or telex) as if it were (and the signature shall be considered and have the same effect as) a valid and binding original.

Rule 12.3 Limitation of Liability

(a) EACH MEMBER OF LUDLOW AGREES THAT NO LUDLOW PARTY SHALL HAVE ANY RESPONSIBILITY FOR COMPLIANCE BY MEMBER WITH ANY LAW OR REGULATION GOVERNING MEMBER'S CONDUCT. MOREOVER, EACH MEMBER OF LUDLOW ALSO AGREES THAT NO LUDLOW PARTY SHALL BE LIABLE IN ANY MANNER WHATSOEVER FOR ANY LOSS OR DAMAGE SUSTAINED BY MEMBER, INCLUDING ANY CONSEQUENTIAL LOSS, LOSS OF PROFIT OR LOSS OF TRADING

OPPORTUNITY, AS A RESULT OF ANY ACTUAL OR PROPOSED TRANSACTIONS OR AS A DIRECT OR INDIRECT RESULT OF ANY SERVICES PROVIDED BY LUDLOW PARTIES (INCLUDING, WITHOUT LIMITATION, ANY FAILURE IN LUDLOW'S SYSTEMS OR ANY INACCURATE INFORMATION PROVIDED BY A LUDLOW PARTY), UNLESS THE RELEVANT LUDLOW PARTY IS DETERMINED BY FINAL RULING OF AN ARBITRATION PROCEEDING TO HAVE ACTED OR FAILED TO ACT IN A MANNER THAT IS GROSSLY NEGLIGENT, RECKLESS, OR FRAUDULENT. FOR THE AVOIDANCE OF DOUBT, NOTHING IN THIS RULE IS INTENDED TO LIMIT THE LIABILITY OF ANY PERSON AS MAY BE PROVIDED IN THE CEA, THE REGULATIONS OF THE COMMISSION, OR BY ACTS OF WILLFUL OR WANTON MISCONDUCT OR FRAUD.

(b) EACH MEMBER OF LUDLOW AGREES THAT IT MAY NOT BRING ANY ACTION AGAINST A LUDLOW PARTY UNLESS IT BRINGS SUCH ACTION WITHIN TWO (2) YEARS OF THE FIRST OCCURRENCE OR LACK OF OCCURRENCE OF THE ACT OR OMISSION COMPLAINED OF.

(c) EACH MEMBER OF LUDLOW AGREES THAT ANY ACTION IT BRINGS AGAINST A LUDLOW PARTY WILL BE GOVERNED BY NEW YORK LAW, WITHOUT REGARD TO STATUTES, PRECEDENT, LEGAL DOCTRINE, OR CONTRACTUAL PROVISIONS THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A DIFFERENT JURISDICTION.

(d) EACH MEMBER OF LUDLOW AGREES THAT ANY ACTION IT BRINGS AGAINST A LUDLOW PARTY OR AGAINST ANOTHER LUDLOW MEMBER WILL BE RESOLVED BY BINDING ARBITRATION, IN ACCORDANCE WITH THE RULES OF THIS CHAPTER AND OTHER RULES OF LUDLOW, IF APPLICABLE.

CHAPTER 13: TERMS OF CONTRACTS TRADED ON LUDLOW

Rule 13.1 Making Contracts Available for Trading

Ludlow shall in its sole discretion determine what Contracts it will make available for trading on the Platform. Terms of the Contracts traded on Ludlow and other Information with respect to each Contract can be found on the homepage for the specific Contract on the Ludlow website.

Rule 13.2 Terms That Are Uniform Across Contracts

There are certain terms that are uniform across Contracts.

(a) Each Contract's size is $1.00. Orders for Contracts may be entered into the Platform for multiple numbers of Contracts. The minimum unit of trading is one Contract.

(b) All Contract prices are quoted in U.S. Dollars and cents per Contract.

(c) The minimum quote increment for each Contract is $0.01 per Contract unless otherwise specified in a Contract's terms and conditions.

(d) All Market Outcomes will be posted on Ludlow's website no later than 11:59 p.m. ET on the day that such Market Outcomes are determined. If the Market Outcome Review Process is initiated under Rule 7.1, the final Market Outcome will be posted on Ludlow's website no later than 11:59 p.m. ET on the day that the Outcome Review Committee reaches a determination on the Contract's final Market Outcome.

(e) Halted Markets. In the event that any market irregularities are declared by the Chief Regulatory Officer or Chief Executive 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 CFTC will be notified, if required, pursuant to CFTC Regulations. An explanation will be posted on the "Notices" section of the Ludlow website within a reasonable amount of time but no later than twenty-four (24) hours after the initiation of the halt.

(f) Discretion to Refrain from Listing Contracts. Ludlow 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 Ludlow determines may be detrimental to the listing of the Contract.

(g) Contract Modifications. Specifications shall be fixed as of the first day of trading of a Contract, except as provided in Rule 2.10 and Rule 7.2 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.