

PredictCraft Mkt Inc. RULEBOOK

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CHAPTER I
DEFINITIONS

1.1. Defined Terms

Unless otherwise specifically provided in the Rules or the context otherwise requires, the terms defined in this Rule 1.1 shall for all purposes of the Rules have the meanings specified herein.

"**Account**" shall have the meaning ascribed to it in Rule 3.3(a).

"**Affiliate**" an "**Affiliate**" of, or a Person "**Affiliated**" with, another Person is a Person who, directly or indirectly, Controls, is Controlled by, or is under common Control with, such other Person.

"**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** Committee" means a panel comprised of three (3) individuals. One (1) member shall be drawn from the Regulatory Oversight Committee, who shall serve as Chairman of the Appeals Committee. The remaining two (2) members of the Appeals Committee shall be the Chief Technology Officer and one (1) independent staff member of the Exchange. The Appeals Committee shall consider and determine appeals in accordance with Chapter VII of the Rulebook.

"**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 without limitation the CEA, CFTC Regulations, and the NFA rules.

"**Authorized User**" means any natural person who is authorized by a Participant to place Orders on its behalf. Without limitation, an Authorized User may include an employee of a Participant that is an entity, and an advisor authorized by a Participant to trade on its behalf.

"**Board Committees**" shall have the meaning ascribed to it in Rule 2.2(a).

"**Board of Directors**" or "**Board**" means the Company Board.

"**Business Day**" means any day other than a Saturday, Sunday or any other day on which banking institutions in the State of New York are authorized or required by law, regulation or executive order to be closed.

"**CEA**" means the Commodity Exchange Act as in effect from time to time.

"**CFTC**" means the Commodity Futures Trading Commission, and includes any successor agency or authority.

"**CFTC Regulation**" means any rule, regulation, order or directive and any interpretation thereof or guidance thereon issued from time to time by the CFTC.

"**Chief Regulatory Officer"** means the individual appointed by the Board of Directors to serve as the Company's Chief Regulatory Officer. For the avoidance of doubt, the Chief Regulatory Officer shall also serve as the Company's Chief Compliance Officer and shall have all responsibilities and authority required of a Chief Compliance Officer under **17 C.F.R. Part 38**, including **§ 38.151**, as applicable

"**Chief Executive Officer**" means the individual appointed by the Board of Directors from time to time to serve as chief executive officer of the Company.

"**Chief Financial Officer**" means the individual appointed by the Board of Directors from time to time to serve as chief financial officer of the Company.

"**Chief Operating Officer**" means the individual appointed by the Board of Directors from time to time to serve as chief operating officer of the Company.

"**Chief Technology Officer**" means the individual appointed by the Board of Directors from time to time to serve as chief technology officer of the Company.

"**Clearinghouse**" means the CFTC registered Derivatives Clearing Organization clearing and settling trades executed on the Exchange. .

"**Clearing Privileges**" means the ability of the Participant to clear transactions executed on the Company.

"**Closed Contract Position**" shall mean (i) any combination of long and short Open Contract Positions that have been offset against each other or (ii) any Open Contract Position that has been offset by the tendering or receipt (as applicable) of a notice of payment.

"**Company**" means PredictCraft Mkt Inc., a Delaware corporation; also referred to herein as "Exchange".

"**Company Personnel**" means Directors, Officers and employees of the Company, and its contractors, consultants, secondees or leased employees, temporary employees, interns, and technology service providers.

"**Market Surveillance and Compliance Department**" means the Officers and employees of the Company who are responsible for maintaining the compliance integrity of the Company.

"**Contracts**" means any contracts or transactions that the Company may approve from time to time for trading on the Company and clearing through the Clearinghouse.

"**Contract Rules**" means the rules with respect to a particular Contract that govern the terms of, and the applicability of these Rules to, trading in such Contract.

"**Control**" means the power to exercise a controlling influence over the management or policies of a Person. Any Person who owns beneficially, directly or indirectly, more than 20% of the voting power in the election of directors of a corporation (or the election or appointment of the governing body of an Entity that is not a corporation), or more than 25% of the

voting power in the election of directors of any other corporation (or other governing body) which directly or through one or more Affiliates owns beneficially more than 25% of the voting power in the election of directors of such corporation (or other governing body), shall be presumed to control such corporation or other entity absent a determination that it does not exercise a controlling influence. The terms "controlling" or "controlled" shall have meanings correlative to the foregoing.

"**Director**" means a member of the Board.

"**Disciplinary Panel**" shall have the meaning ascribed to it in Rule 7.6.

"**Entity**" means on a specified date any Person other than a natural person (e.g., a corporation, partnership, sole proprietorship or trust).

"Exchange" means Company.

"**Expiration Time**" means, in the case of a Fully-Collateralized Contract, the date specified time on a specified designated date established by the Company as the expiration, or termination, of such Fully-Collateralized Contract.

"**Fully-Collateralized Contracts**" means Contracts with respect to which each party's obligations are fully paid at the time the Contracts are entered into, and with respect to which no further amounts are due, either for margin, settlement amounts or otherwise.

"**Incentive Program Participant**" means any Participant that has been appointed by the Company to perform certain market-making functions or otherwise to provide liquidity with respect to one or more specified Contracts pursuant to an agreement between such Participant and the Company.

"**ISV**" means an independent software vendor.

"**NFA**" means the National Futures Association, and includes any successor

"**Novation**" means the process by which a party to a transaction transfers all of its rights, liabilities, duties and obligations under the transaction to a new legal party other than the counterparty to the transaction. The transferee accepts all of the transferor's rights, liabilities, duties and obligations under the transaction. A Novation is valid as long as the transferor and the remaining party to the transaction are given notice, and the transferor, transferee and remaining party to the transaction consent to the transfer.

"**Officer**" shall have the meaning ascribed to it in Rule 2.4(a).

"**Open Contract Positions**" shall mean any Contract submitted by a Participant to the Clearinghouse, and accepted by the Clearinghouse, for clearing that has not been designated as a Closed Contract Position, including (i) any long or short position in such Contract without a matching position that such first position can be offset against, (ii) any long or short position in such Contract with a matching position that such first position can be offset against but that is held open by such Participant under an approved hedge program and (iii) any long or short position in such Contract with a matching position that such first position can be offset against but that is held

open under the applicable Contract Rules which defer offset until Contract expiration or another specified date.

"**Order**" means any order to buy or sell a Contract on or subject to the Rules.

"**Collateral**" means the amount and type of assets required to be on deposit with the Clearinghouse pursuant to the applicable Contract Rules, in order to establish a position in the relevant Contract.

"**Participant**" means any Person that has been granted, and continues to have, Trading Privileges and/or Clearing Privileges, or otherwise remains subject to the jurisdiction of the Company and/or the Clearinghouse under these Rules.

"**Payout Condition**" means that the condition to the obligation of a Seller to pay the Settlement Amount under a Fully-Collateralized Contract has occurred on the Expiration Time.

"**Person**" means any natural person, association, partnership, limited liability company, joint venture, trust or corporation.

"**Position Accountability Level**" means the size of positions in a Contract above which a Participant holding the positions is required to submit reports to the Company.

"**Public Director**" has the meaning ascribed to it in Rule 2.5(b), *provided* that such definition shall be amended from time to time as may be necessary to conform to any amendments or modifications to the term "Public Director" set forth in CFTC Regulations as the CFTC may adopt from time to time.

"**Purchaser**" means the Participant that is the purchaser under a Contract. The Purchaser is the holder of a long position in such Contract.

"**PredictCraft Mkt Inc. Platform**" means the proprietary order entry and execution system used by the Company for the placement and execution of Orders or the collection and transmission of information relating to Contracts. Participants (and their Authorized Users) will access the PredictCraft Mkt Inc. Platform directly via internet connections.

"**Regulatory Services Agreement**" shall have the meaning ascribed to it in Rule 2.11.

"**Regulatory Oversight Committee**" means the committee of the Board, as the context may require, constituted in accordance with Rule 2.3.

"**Responsible Agent**" shall have the meaning ascribed to it in Rule 3.7(a).

"**Rulebook**" means the PredictCraft Mkt Inc. Rulebook.

"**Rules**" means the PredictCraft Mkt Inc. rules, as outlined in this Rulebook and as may be amended from time to time.

"**Seller**" means the Participant that is the seller under a Contract. The Seller is the

holder of a short position in such Contract.

"**Settlement Amount**" means, in the case of a Fully-Collateralized Contract, the fixed amount required to be paid by the Seller to the Purchaser on the Settlement Date if the Payout Condition is satisfied.

"**Settlement Bank**" means a depository approved by the Company as an acceptable location for depositing and holding Participant funds.

"**Settlement Date**" means the date established under the terms of a Contract as the date on which settlement of amounts owed with respect to such Contract must be paid.

"**Standing Limit Order**" means a Contract that will be executed when entered to the extent that there is an opposite Order open in the PredictCraft Mkt Inc. Platform.

"**Trading Day**" means any day on which the Company is open and available for the trading of Contracts and the Clearinghouse is open and available for the clearing of Contracts.

"**Trading Privileges**" means the ability of the Participant to enter into transactions on PredictCraft Mkt Inc. Platform.

"**USD**" means United States dollar.

"**User ID**" shall have the meaning ascribed to it in Rule 4.2(a).

1.2. Rules of Interpretation

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

(a) the terms defined in these Rules include the plural as well as the singular and *vice versa*;

(b) words importing gender include all genders;

(c) any reference to a Chapter or Rule refers to a Chapter or Rule of these Rules;

(d) any reference to these Rules refers to these Rules, including all Appendices hereto, and the words herein, hereof, thereto, hereto and hereunder and words of similar import refer to these Rules and their appendices as a whole and not to any particular Chapter, Rule or any other subdivision;

(e) references to days, months and years refer to calendar days, months and years, respectively;

(f) all references herein to "including" shall be deemed to be followed by the words "without limitation";

(g) any term used herein that is defined in the CEA or CFTC Regulations shall have the meaning assigned to it therein; and all references herein to a

time of day refer to local time in the State of New York.

1.3. Effect of Titles

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

1.4. Amendment of Rules

New Rules may be adopted, and existing Rules may be amended or repealed, by the Board of Directors. All such new Rules, amendments or repeals shall become effective on such date (after any required filing with, or approval thereof by, the CFTC) as may be determined by the Company.

1.5. Contract Rules

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

CHAPTER II
GOVERNANCE

2.0. Ownership

The Company is a Delaware corporation. The management and operation of the Company is governed by the Board of Directors of the Company with day-to-day operations being managed by the Officers of the Company. The majority of equity interests of the Company are owned by the parent Tradecraft Studios Inc., a Delaware corporation, with a de minimis percentage held by individuals involved in the governance and management of the Company.

2.1. Authority of the Board

The Board has the authority to take actions on behalf of the Company.

The Board has the power and authority to manage and direct the business and activities of the Company including but not limited to the power to establish the standards for Participant eligibility and access to the secure portions of the Company's website, the power to amend, adopt, or repeal these Rules, and the power to oversee the business conduct of Participants and impose penalties for violation of these Rules. The business and affairs of the Company shall be managed by the Board of Directors in accordance with Applicable Law and the Board of Directors shall have all power and authority provided to a Board of Directors under Applicable Law. Notwithstanding the foregoing, the Board of Directors may, from time to time, delegate any or all aspects of the management of the day-to-day business and affairs of the Company to the Chief Executive Officer. The minimum number of directors on the Board of Directors shall be five, at least 35% of whom shall be Public Directors or such other percentage of the Board of Directors as may be required by CFTC Regulations, as amended from time to time. Any vote made by the Board of Directors that results in a tie will require that the Board of Directors reconvene to

reconsider the matter until such tie is broken. The number of directors may be increased or decreased from time to time by a vote of the applicable Board of Directors, *provided* that there are at all times at least five (5) Directors.

The Board of Directors has the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of standing committees of the Board of Directors formed pursuant to Rule 2.2(a) and officers of the Company appointed pursuant to Rule 2.4, other than the Regulatory Oversight Committee.

2.2. Standing Committees

(a) Unless otherwise determined by the Company Board, the Company Board shall initially have one standing committee: the "Regulatory Oversight Committee" (the Regulatory Oversight Committee and any other standing committee(s) of the Board of Directors collectively, the "**Board Committees**"). The Regulatory Oversight Committee shall have the authority granted to a regulatory oversight committee under Applicable Law and by the Board. The Board may create such additional standing committees of the Board of Directors as they may from time to time deem necessary or advisable. Members of such committees must be members of the Board of Directors. Each standing committee shall assist in the supervision, management and control of the affairs of the Company within its particular area of responsibility and shall have the scope and authority granted to it by the Board.

(b) Except as otherwise specifically provided in these Rules, the members of standing committees shall be appointed by the Co-Chairpersons of the Board of Directors, subject to approval by the Board of Directors. Each appointee shall serve for one year or until the due appointment of his or her successor or his or her resignation or removal, with or without cause, by a majority vote of the Board of Directors. Subject to approval by the Board of Directors, the Co-Chairperson of the Board of Directors shall designate the Co-Chairpersons of each standing committee. Each standing committee shall be jointly chaired by the two external Public Directors serving on the board.

(c) Subject to the authority of the Board of Directors, each standing committee shall determine the manner and form in which its proceedings shall be conducted, and may act at a meeting or without a meeting, and through a quorum composed of a majority of all its members then in office, inclusive of *ex officio* members. Except as otherwise specifically provided in these Rules, the decision of a majority of those present at a meeting at which a quorum is present, or the decision of a majority of those participating when at least a quorum participates, shall be the decision of the standing committee. Any or all members of any standing committee may participate in any meeting thereof by telephone or video conference or similar communications equipment by means of which all members participating in such meeting can hear and, if applicable, see each other.

(d) In the event of the absence or disqualification of any member of a standing committee from a meeting, the following individuals, in the order of their availability, may appoint a qualified replacement to act at such meeting in place of the absent or disqualified member: (i) the Co-Chairpersons of the Board of Directors, acting jointly or individually, or (ii) the Co-Chairpersons of the standing committee in question. The Board may create additional committees or panels, for such purposes as may be necessary or advisable, as determined by the Board of

Directors from time to time. Members of each such committee may be members of the Board of Directors, Participants, Authorized Users or such other individuals as may be qualified to serve on such committee. At least 35% of the members of each such committee designated by the Board of Directors shall be Public Directors (or individuals that would qualify as Public Directors if they were directors of the Board) or such other percentage of the Board of Directors as may be required by CFTC Regulations, as amended from time to time. Any such committee or panel may serve indefinitely or for specified, limited periods of time, as determined by the applicable Board of Directors.

2.3. Regulatory Oversight Committee

The Regulatory Oversight Committee of the Board shall consist solely of the two (2) Public Directors then serving on the Board of Directors. Each Public Director shall be a member of the Board of Directors and shall serve as a Co-Chairperson of the Regulatory Oversight Committee. Each member of the Regulatory Oversight Committee shall have full voting rights. The members of the Regulatory Oversight Committee shall be appointed from time to time by the Board of Directors.

The Regulatory Oversight Committee shall oversee the Company's regulatory compliance program on behalf of the Board. The Regulatory Oversight Committee shall make such recommendations to the Board as it deems appropriate to promote the Company's fulfillment of its self-regulatory responsibilities. For the avoidance of doubt, any dissenting opinion of a member of the Regulatory Oversight Committee shall be reported to the Board together with any recommendation. The Regulatory Oversight Committee shall also have such other powers and perform such other duties as the Board may delegate to it from time to time.

Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have authority to: (i) monitor the Company's regulatory program for sufficiency, effectiveness and independence, (ii) oversee all facets of the Company's regulatory program, including trade practice and market surveillance; audits, examinations, and other regulatory responsibilities with respect to Participants (including ensuring compliance with financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and the conduct of investigations, (iii) review the size and allocation of the regulatory budget and resources; and the number, hiring and termination, and compensation of regulatory personnel, (iv) supervise Chief Regulatory Officer, who shall report directly to the Regulatory Oversight Committee with respect to the Company's regulatory responsibilities;(v) prepare an annual report assessing the Company's self-regulatory program for submission to the Board and the CFTC, which sets forth the regulatory program's expenses, describes its staffing and structure, catalogues disciplinary actions taken during the year, and reviews the performance of disciplinary panels, (vi) recommend changes that would ensure fair, vigorous, and effective regulation, (vii) review regulatory proposals and advise Board as to whether and how such changes may impact regulation, and (viii) exercise any other functions expressly assigned to it in these Rules or under Applicable Law.

The Regulatory Oversight Committee shall be composed of two (2) members. Both of whom shall be Public Directors serving on the Board of Directors and shall act as Co-Chairpersons of the Regulatory Oversight Committee.

2.4. Officers

(a) The Board shall appoint a Chief Executive Officer, Chief Regulatory Officer and Chief Financial Officer and may appoint other such officers from time to time as determined by the Board of Directors (each individually an "**Officer**"). These Officers are appointed and may be dismissed (with or without cause) by majority vote of the Board of Directors. An individual may hold multiple the Company Officer positions simultaneously, as determined by the Board of Directors. Any officer of the Company may also be a director, officer, or employee of an Affiliate of the Company.

(b) An Officer of the Company may be (but shall not be required to be) a Director of the Company. In the absence of any Co-Chairperson of the Board, the remaining Co-Chairperson(s) shall perform the duties of the Chairperson for purposes of that meeting or action. In the event the Board of Directors is unable to reach a decision by majority vote on a Company matter due to the unavailability of a Director, the Chief Executive Officer, if present, shall be entitled to an additional tie-breaking vote; provided, however, that if the Chief Executive Officer is unavailable, the Chief Operating Officer shall be entitled to such tie-breaking vote. Subject to the direction of the Board of Directors, the Chief Executive Officer will manage the overall business of the Company.

(c) The Chief Regulatory Officer of the Company will be responsible for managing the day-to-day regulatory compliance functions of the Company. The Chief Regulatory Officer will also keep the minutes of the meetings of the Board of Directors.

(d) The Chief Financial Officer of the Company will be responsible for all funds and other financial assets of that entity and in general perform all duties incident to the office of Chief Financial Officer and such other duties as from time to time may be assigned by that entity's Chief Executive Officer or the Board of Directors. If the function of the office of the Chief Financial Officer is outsourced to a service provider, the Chief Executive Officer shall be responsible for oversight of this function.

2.5. Eligibility

(a) No Person may serve as an Officer or Director of the Company, or serve on any disciplinary panel, arbitration panel or oversight panel of the Company or as the Chief Regulatory Officer if such Person:

(1) was found within the past three years by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the CFTC to have committed a violation of Applicable Law;

(2) entered into a settlement agreement within the past three years in which any of the findings or, in absence of such findings, any of the acts charged included a violation of Applicable Law;

(3) is currently suspended from trading on any contract market, is suspended or expelled from membership from any self-regulatory organization, is serving any sentence of probation or owes any portion

of a fine imposed pursuant to either:

A. A finding by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the CFTC that such person committed a disciplinary offense; or

B. a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a violation of Applicable Law;

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

(5) is currently subject to or has had imposed on him or her within the past three years a CFTC registration revocation or suspension in any capacity for any reason, or has been convicted within the past three 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 the 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 under sections 8a(2) and 8a(3) of the CEA.

(b) To qualify as a **"Public Director,"** an individual must be found, by action of the Board of Directors, on the record, to satisfy the requirements of a "public director" under Appendix B to Part 38 of the CFTC Regulations.

(c) To qualify as an Officer, an individual may not be a Participant or be an employee, officer, or director of a Participant or receive compensation related to a Participant.

(d) In addition to the requirements of Rule 2.5(a), (b), and (c), the Chief Regulatory Officer appointed by the Company must be an individual who (i) is knowledgeable about futures trading and futures market operations as well as CFTC Regulations and (ii) reports directly to the Regulatory Oversight Committee of the Company for regulatory matters related to the Company, and, for all other purposes, reports to the CEO.

2.6. Emergency Rules

(a) In the event of an Emergency, as described in paragraph (c) of this Rule 2.6, the Chief Executive Officer or any individual designated by the Chief Executive Officer may place into immediate effect a temporary emergency rule, which may remain in effect for up to thirty (30) calendar days, to undertake actions necessary or appropriate to respond to the Emergency, *provided* that, as soon as reasonably practicable within such thirty (30) calendar day period, the Board of Directors considers and approves such action and, if it disapproves such action, the

temporary emergency rule shall be terminated. Should the Emergency persist for longer than thirty (30) calendar days, such temporary emergency rules may be extended for additional thirty (30) calendar day periods, so long as there is: (i) an affirmative vote of two-thirds of the members of the Board of Directors at a meeting at which a quorum is present; or (ii) there is a written authorization and acknowledgement signed by at least two Officers of the Company, *provided* that, as soon as reasonably practicable within such thirty (30) calendar day period, the Board of Directors considers and approves such action and, if it disapproves such action, the temporary emergency rule shall be terminated. In any event, the rationale for invoking such emergency authority should be documented by the Board of Directors as soon as reasonably practicable.

(b) Any temporary emergency rule adopted under this Rule may authorize the Company to act as the Board of Directors or Officers deem necessary or appropriate to meet the Emergency, and those actions may adversely affect the ability to trade on the Company. Therefore, the possibility of an Emergency, and the Company taking emergency action, is one of the risks that Participants should consider when deciding whether to trade on the Company.

(c) An "Emergency" may include any of the following circumstances, subject to the determination of the Board of Directors:

(1) any trading activity that constitutes manipulation or attempted manipulation of the Company;

(2) any actual, attempted, or threatened corner, squeeze, or undue concentration of positions;

(3) any circumstance that may materially affect the performance of the Contracts traded on the Company, including failure of the payment system or bankruptcy or insolvency of any Participants;

(4) any action taken by the United States, any foreign government, any state or local governmental body, any other contract market or board of trade, or any other exchange, market, facility, or trade association (foreign or domestic) that may have a direct and material impact on trading on the Company;

(5) any circumstances that may have a severe, adverse impact upon the functions or operation of the Company including, for example, natural disasters such as fire or flood, terrorist acts such as bomb threats, physical plant breakdowns such as plumbing, heating, or air conditioning problems, system breakdowns such as power, telephony, cable, trading systems, or computer systems failures or interruptions to communications, the network, or the Internet;

(6) the imposition of any injunction or other restraint by any government agency, court, or arbitrator that may affect the ability of a Participant to perform on Contracts;

(7) any circumstance in which it appears that a Participant or any other person is in such operational condition, or is conducting business in such a manner, that such person cannot be permitted to continue in business without jeopardizing the safety of Participants or the Company itself; and any other unusual,

unforeseeable, and adverse circumstance which, in the opinion of the governing board, requires immediate action and threatens or may threaten such things as the fair and orderly trading in, or the liquidation of or delivery pursuant to Contracts traded on the Company.

(d) If deemed necessary to combat perceived market threats caused by an Emergency, the Company official authorized to do so may suspend trading on the Company 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 Company to function properly.

(e) The Company will make every effort practicable to notify the Director of the Division of Market Oversight of the CFTC, the Director's delegates, and/or other persons designated by the CFTC's Regulations that the Company intends to implement, modify, or terminate a temporary emergency rule pursuant to Rule 2.6(a) or an action in response to an emergency pursuant to Rule 2.6(d) 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, the Company 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 24 hours after implementation, modification, or termination.

The Exchange will promptly notify Commission of any significant market disruption, systems malfunction, or interruption affecting the operation of the Exchange's electronic trading platform. Such notification will include timely information regarding the nature and scope of the disruption, the known or suspected causes, the impact on trading activity, and the steps taken or planned to remediate the issue and restore normal market operations.

The Exchange maintains policies and procedures designed to ensure the reliability, security, and capacity of its automated systems and will comply with the system safeguards requirements set forth in CFTC Regulation §38.251.

2.7. Restrictions on Persons Who Possess Material, Non-Public Information

(a) No Company Personnel and no member of any committee established by the Board of Directors of the Company shall use or disclose any material, non-public information obtained in connection with the performance of his or her official duties, for any purpose other than the performance of his or her official duties.

(b) No Company Personnel and no member of any committee established by the Board of Directors of the Company shall disclose to any other Person, including to any Affiliate that is a Participant of the Company as allowed under Rule 3.1(h), material, non-public information, however obtained (including, without limitation, material non-public information obtained by an employee or agent of the Company in connection with such employee or agent's employment or agency, as the case may be), if such Person could reasonably expect that such information might assist another Person in trading any Contract or related contract or financial instrument.

(c) No Company Personnel shall trade in any Contract, either for their own accounts or for the accounts of any other Persons. No Company Personnel shall trade, directly or indirectly, in any Contract, event contract, or binary option contract on any other Designated Contract Market or prediction market exchange, regardless of whether material non-public information of the Company is involved.

(d) No Company Personnel, no Company Affiliates, and no member of any committee established by the Board of Directors of the Company shall trade in any Contract or related contract or financial instrument on the basis of material non-public information of the Company. For the avoidance of doubt, any Person who, by virtue of their role with, or as an Affiliate of, the Company, acquires material non-public information of the Company is prohibited from trading on the basis of such material non-public information or disclosing such material non-public information except as consistent with their official duties.

(e) For purposes of this Rule 2.7, the terms "material information," "non-public information" and "commodity interest" shall have the meanings ascribed to them in CFTC Regulation 1.59. Members of the Market Surveillance and Compliance Department, members of any Disciplinary Panel, and members of any Appeals Committee of the Exchange may not trade directly or indirectly, in any event contract on any Designated Contract Market or registered prediction market exchange.

2.8. Conflicts of Interest

The Company 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.

(a) 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 Regulatory Officer whether such member has one of the relationships listed above with a named party in interest.

(3) The Chief Regulatory Officer shall determine whether any member of the relevant deliberating body is subject to a conflicts restriction under this Rule 2.8(a). Such determination shall be based upon a review of the following information: information provided by such member pursuant to Rule 2.8(a)(2) above; and

A. any other source of information that is held by and reasonably available to the Company.

(4) In the event of a conflict involving the Chief Regulatory 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 2.8(a).

(b) 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 the Company or the Company 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 Regulatory 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 Regulatory 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 2.8(b) 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 2.8(b) above 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 2.8(b)(2) above 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; whether such member's participation in the deliberations is necessary to achieve a quorum; and

B. 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 Regulatory 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 2.8(b).

(c) The minutes of any meeting to which the conflicts determination procedures set forth in this Rule 2.8 apply shall reflect the following information:

(1) the names of all members who participated in such meeting;

(2) 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;

(3) the information that was reviewed for each member of the relevant deliberating body; and

(4) any determination made in accordance with Rule 2.8(a) or Rule 2.8(b) above.

(d) Directors shall annually submit a disclosure statement identifying any real, potential, or perceived conflicts of interest, including those involving any Affiliate during the immediately preceding year.

2.9. Indemnification of Members of the Board of Directors, Officers, and Others

The Company will indemnify to the full extent authorized by law any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative in nature, by reason of the fact that such person is or was the Company Personnel against expenses, including attorneys' fees, judgments, fines, and amounts paid in connection with such action, suit, or proceeding. Such indemnification shall not be deemed exclusive of any other rights to which a person may be entitled under any agreement or as a matter of law or otherwise. the Company may purchase and maintain insurance on behalf of any person who is or was the Company Personnel against any liability asserted against such person and incurred by such person in any such capacity,

or arising out of such person's status as such, whether or not the Company would have the power to indemnify such person against such liability under the provisions of this Rule 2.9. However, no person shall be indemnified from liability for fraud, bad faith, willful misconduct, or gross negligence. Further, no person shall be indemnified against a civil penalty imposed by the CFTC under Section 6b of the CEA.

2.10. Regulatory Cooperation

The Company may from time to time enter into such agreements with domestic or foreign self-regulatory organizations, associations, boards of trade and their respective regulators providing for the exchange of information and other forms of mutual assistance for financial surveillance, routine audits, market surveillance, investigative, enforcement and other regulatory purposes as the Company may consider necessary or appropriate or as the CFTC may require.

(a) The Chief Executive Officer or their delegate is authorized to provide information to an exchange or clearing organization that is a party to an information sharing agreement with the Company, in accordance with the terms and conditions of such agreement.

(b) All information received by the Company with respect to any information sharing agreement, shall be held in confidence by the Company and shall not be provided to any of its nonregulatory departments or divisions or any other person (including to any affiliate of the Company), except as follows:

(1) to the governmental authority(ies) responsible for regulating financial instruments in the home jurisdiction of the requesting information sharing agreement member,

(2) pursuant to an order of a court or other lawful process, or

(3) as it may be necessary for conducting any investigation or disciplinary proceeding.

2.11. Consideration of Market Participant Views

The Exchange's governance arrangements are designed to permit consideration of the views of market participants and other relevant stakeholders in accordance with Core Principle 17 of the Commodity Exchange Act and the regulations of the Commodity Futures Trading Commission.

Participants and Authorized Users may submit comments, concerns, or recommendations to the Exchange regarding the operation of the Exchange's markets, Exchange Rules, proposed rule changes, contract design, market structure, trading practices, fee structures, or other matters affecting the Exchange and its markets. Such comments or feedback may be submitted to the Exchange through communication with Exchange personnel or through the Exchange's designated contact channels, including support@dimetrades.com and/or compliance@dimetrades.com.

The Exchange may consider such views in connection with governance matters, rulemaking, market structure decisions, and the operation of the Exchange's markets. Market participant input may be reviewed by Exchange management, relevant Exchange committees, or the Board of Directors, as

appropriate.

Where appropriate, the Exchange may solicit feedback from market participants or other stakeholders regarding proposed rule changes, market structure matters, or other issues affecting the Exchange's markets.

Nothing in this Rule requires the Exchange to adopt or implement any particular recommendation or view expressed by market participants. However, the Exchange's governance framework is designed to ensure that such views may be submitted and considered as part of the Exchange's decision-making processes.

2.12. Additional Committees and Panels

(a) The Board of Directors (the "Board") may from time to time establish such additional standing committees of the Board as it deems necessary or advisable.

(b) In addition to standing committees, the Board may from time to time constitute and appoint, by Rule or resolution, special committees of the Board and designate their composition, authority, responsibilities, and powers.

(c) The Exchange may establish additional committees or panels as it deems necessary or advisable to support its regulatory, operational, and governance responsibilities under the Commodity Exchange Act and applicable CFTC Regulations.

(d) Members of any committee or panel may include Directors, officers or employees of the Exchange, representatives of Participants, or other individuals with relevant expertise, as determined by the Board or the Exchange.

2.13. Prohibition on Restraints of Trade and Material Anti-Competitive Burdens on Trading

Pursuant to CFTC Core Principle 19, the Exchange shall not adopt any rule or take any action that results in any unreasonable restraint of trade or impose any material anti-competitive burden on trading on the Exchange.

CHAPTER III
PARTICIPANTS

3.1 Participant Eligibility

(a) To be eligible to trade on the Company and clear transactions through the Clearinghouse, Participants must: (i) satisfy all requirements generally applicable to Participants and Authorized Users under these Rules; (ii) satisfy such financial criteria as may be prescribed by the Company from time to time; (iii) have sufficient technical and operational capabilities to fulfill any other obligations applicable to Participants or their Authorized Users as may from time to time be required by the Company; and (iv) satisfy such other requirements or criteria as may from time to time be adopted by the Company. If the Participant is not a natural person applying

for a personal account, the Participant must satisfy the following criteria, and must represent to the Company that it does so:

(1) It is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized and has all licenses necessary to carry on its business as now being conducted;

(2) It has the legal authority and is duly authorized and empowered to become a Participant and to effect transactions in Contracts on the Company, or to effect transactions in any other relevant contracts, agreements or transactions, cleared through the Clearinghouse;

(3) It is not subject to a statutory disqualification under sections 8a(2) or 8a(3) of the CEA;

(4) It has a mechanism that is acceptable for transferring funds to and receiving funds from the Participant's Account;

(5) It has appointed one or more Authorized User(s) pursuant to Rule 3.4; and

(6) It satisfies such other requirements or criteria as may from time to time be adopted by the Company.

(b) If the Participant is a natural person applying for a personal account, the Participant must satisfy the following criteria and represent that it:

(1) Is at least 18 years of age and has attained the age of majority in their state and/or country of residence;

(2) Is not subject to a statutory disqualification under sections 8a(2) or 8a(3) of the CEA;

(3) Has a mechanism that is acceptable for transferring funds to and receiving funds from the Participant's Account; and

(4) Satisfies such other requirements or criteria as may from time to time be adopted by the Company.

(5) Provided that the Participant meets the above criteria, the Participant shall be deemed an Authorized User for their personal account.

(c) Notwithstanding anything in the foregoing paragraphs (b) or (c) to the contrary, in considering any applicant for status as a Participant and/or an Authorized User of a Participant, the Company may request additional information, or employ such other means that it deems desirable or appropriate, to ascertain relevant facts bearing on the applicant's qualifications; and

(d) The Company in its sole discretion may deny (or may condition) the grant

of Trading Privileges of any Participant and/or any Authorized User if such Person is unable to satisfactorily demonstrate a capacity to adhere to all applicable Rules and CFTC Regulations, or for such other causes as the Company may determine from time to time. The Company in its sole discretion may condition or revoke a Participant's Trading Privileges or, in the case of an Authorized User, condition or revoke its ability to trade on behalf of a Participant, if any of the circumstances specified in the preceding paragraph exist with respect to such Participant and/or Authorized User, or such Participant and/or Authorized User:

(1) fails to meet any of the qualification requirements for Trading Privileges and/or Clearing Privileges or status as an Authorized User;

(2) fails to meet any condition placed by the Company on such Trading Privileges and/or Clearing Privileges or status as an Authorized User;

(3) is obligated to submit a notice to the Company under Rule 3.6(h); or

(4) violates any agreement with the Company, any Rule or any provision of Applicable Law.

(e) Futures commission merchants, other brokers, and advisors with discretionary trading authority shall not be permitted to submit trades in Contracts for execution on behalf of customers. Only Participants and Authorized Users authorized to execute trades in Contracts on behalf of Participants may submit Orders for transactions in Contracts, and only subject to the conditions and requirements set forth in the Rules.

(f) Affiliates of the Company are permitted to become Participants on the same terms and conditions as other Participants, and to trade on the Company and clear through the Clearinghouse, pursuant to an action of the Board of Directors, subject to the following conditions, which shall be applicable and enforced at the time of approval and on an ongoing basis thereafter:

(1) Such Affiliate has access to the Company and the Clearinghouse on terms and conditions that are not preferential relative to other Participants, including compliance with all Rules in this Rulebook;

(2) The Company has established controls and procedures so that such Affiliate has no access to any the Company material non-public information including but not limited to information regarding order flow, trading, settlement, and compliance;

(3) The Company has established and maintains physical operations that are separate from those of such Affiliate;

(4) Such Affiliate has not received capital from the Company;

(5) The Company has ensured such Affiliate does not have access to The Company operations, including servers, databases, accounts, or source code, except to the extent that other Participants have such access and, in that event, only on the same terms and conditions applicable to other Participants;

(6) Such Affiliate has represented that it does not access or utilize systems or features in trading on the Company or clearing through the Clearinghouse that are not available to other Participants; and

(7) Such Affiliate has represented that it will maintain market integrity on the Company and the Clearinghouse and will act in a fair and responsible manner in all of its activities on the Company and the Clearinghouse, including, when applicable, the disclosure to the Company of any actual or potential conflicts of interest in its operations, algorithms, or systems.

Prior to an Affiliate trading on the Company, or if the information about the trading activities of the Affiliate changes materially, the Company will, prior to the commencement of such trading, put in place necessary controls to ensure that the provisions of this Rule 3.1(f) are complied with and will notify other Participants of the restrictions on Affiliates' trading activities by including a notice on the Company website that discloses the Affiliates' purpose in trading on the Company and provides a summary of the procedures in place to manage and disclose actual or potential conflicts of interest and effects on trading to ensure market integrity and fairness are preserved.

(g) As a condition of access to the Company, each Participant must satisfy the Company's customer identification, verification, and onboarding requirements, including those established pursuant to the Company's Anti-Money Laundering ("AML") and Know Your Customer ("KYC") policies and procedures.

The Company may require Participants to provide identifying information, documentation, and verification materials, and to undergo ongoing monitoring, as necessary to comply with Applicable Law and these Rules.

The Company may deny, condition, suspend, or terminate Trading Privileges of any Participant that fails to satisfy such requirements.

3.2. Participant Applications

(a) Each application to become a Participant shall be in such form as may from time to time be prescribed by the Company. Each applicant to become a Participant shall promptly update the application materials if any of the information provided therein becomes inaccurate or incomplete. the Company shall act upon, and approve or disapprove, any such application.

(b) Each applicant to become a Participant shall:

(1) submit to the Company executed forms of the Participant Agreement and all application documents; and

(2) agree in written or electronic form to abide by these Rules and Applicable Law.

(c) Upon the Company's approval of an applicant's Participant application and upon the Company's confirmation of any applicable fees payable by the applicant have been paid to the Company, if any, the applicant shall become a Participant and obtain Trading Privileges.

If the Company denies an applicant's Participant application, the applicant may appeal the decision by filing with the Market Surveillance and Compliance Department a petition for review of such application denial or trading limitation. The petition should describe in detail the reasons why the application should be granted. The petition must be filed within thirty (30) Business Days from the date upon which notice of the denial of the applicant's Participant application was provided by the Company. The decision of the Market Surveillance and Compliance Department will be final. An applicant whose Participant application has been denied by the Market Surveillance and Compliance Department will not be eligible for reapplication during the six months immediately following such denial.

3.3 Participant Accounts

(a) The Company will establish an account on its books and records in the name and on behalf of the Participant (each such Account referred to herein as the "**Account**"). The Participant will be responsible for all Orders, transactions and other activity in or through its Account and for all amounts due with respect to any such Orders, transactions or other activity, including but not limited to required amounts of margin and premiums. Each Participant and its Authorized Users shall have the right to access the PredictCraft Mkt Inc. Platform, including the right to place Orders for the Participant's Account.

(b) By virtue of obtaining Trading Privileges, a Participant shall not obtain any equity or other interest in the Company, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger, consolidation involving the Company or otherwise.

3.4 Authorized Users

(a) Each Participant that is an Entity may appoint one or more individuals to act as its Authorized User or Authorized Users, as applicable. Participants that are natural persons may act as their own Authorized User or may appoint a third party as his or her Authorized User, pursuant to a power of attorney or other instrument, in a form prescribed or approved by the Company, providing such third party with discretionary or non-discretionary trading authority with respect to the Participant's Account. The third party to which an individual Participant grants trading authority may be a related person of the Participant, or any unaffiliated party.

(b) Each Authorized User with discretionary trading authority with respect to the Participant's Account: (i) must be a natural person; and (ii) must satisfy any other requirements as may be prescribed by the Company from time to time.

(c) Without limiting the foregoing, each Authorized User must consent, in a form satisfactory to the Company, to abide by the Rules and Applicable Law prior to accessing the PredictCraft Mkt Inc. Platform, and each Participant will ensure on an ongoing basis that: (i) none of its Authorized Users is subject to a disqualification pursuant to any Applicable Law (unless an

appropriate exemption has been obtained with respect thereto); (ii) each of its Authorized Users will be technically proficient; (iii) each of its Authorized Users will conduct its business in a fair and equitable manner; and (iv) each of its Authorized Users will conduct its business in accordance with the Rules.

(d) The Company may withdraw or suspend the registration of any Authorized User if the Company determines that:

1. an Authorized User has failed, or has caused the Participant to fail, to comply with the Rules of the Company;

2. an Authorized User is not properly performing the responsibilities of an authorized representative of a Participant;

3. an Authorized User has failed to comply with the conditions set forth in paragraph (c) of this Rule; or

4. it is in the best interests of maintaining a fair and orderly market to do so.

(e) If the Participant withdraws or the Company suspends the registration of any Authorized User, the Participant must ensure that such Authorized User does not submit any quotes or Orders into the PredictCraft Mkt Inc. Platform.

(f) The registration of an Authorized User will be withdrawn upon the written request of either the Authorized User or the Participant for which an Authorized User is registered. Such written request shall be submitted in a manner prescribed by the Company. Until such written request is received and processed by the Company, or an Authorized User's registration is suspended or withdrawn pursuant to paragraph (d) of this Rule, a Participant will be responsible for all activity of such Authorized User(s) related to the Company.

3.5 Amounts Payable by Participants

(a) The Company shall have the sole authority to establish the amounts of any fees to be paid by Participants, and the timing of payment of such fees, and such fees shall be paid when due. In addition, the Company shall have the sole authority to impose minimum withdrawal amounts, fees for inactivity or other fees as it deems appropriate. the Company may post an updated fee schedule on its website from time to time. Participants are deemed to have notice of any changes made to such fee schedule that are posted on the Company website. The Company's fee schedule, as amended from time to time, shall be publicly available on the Company's website.

(b) Unless the Company, at its discretion, elects not to do so in any particular instance, the Company will withdraw the relevant fees directly from each Participant's Account. The Participant agrees to pay, and authorizes the Company to withdraw from its Account: (i) any fees or charges associated with any transactions executed on the Company for its Account at such rate as is posted on the Company's website; (ii) any costs or expenses incurred by the Company in connection with its Account, including, but not limited to, any non-sufficient funds charges or charges imposed by the Clearinghouse's Settlement Bank; (iii) any other charges agreed upon between the Participant and the Company; and (iv) any other fines or penalties that may be imposed

by the Company from time to time.

If a Participant fails to pay when due any the Company fees or other amounts due by such Participant, and such payment obligation remains unsatisfied for thirty (30) Business Days after its due date, the Company as it deems necessary or appropriate, may suspend, revoke, limit, condition, restrict or qualify the Trading Privileges and/or Clearing Privileges of such Participant and its Authorized Users. Moreover, the Company may submit any amounts owed by a Participant in excess of thirty (30) Business Days to a third-party collection agency. The Company reserves the right to pursue any and all allowable legal action, whether criminal or civil, against the Participant to recover losses incurred as the result of fraud or misconduct, including attorney's fees and other legal expenses, and any other remedies permitted by law.

3.6 Participant Obligations

(a) By accessing, or entering any Order into, the PredictCraft Mkt Inc. Platform, and without any need for any further action, undertaking or agreement, a Participant and its Authorized Users agree (i) to be bound by, and comply with, the Rules and Applicable Law, and (ii) to submit to the jurisdiction of the Company with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Participant and its Authorized Users. Any Participant and its Authorized Users whose Trading Privileges and/or Clearing Privileges are revoked or terminated shall remain bound by the Rules and Applicable Law and subject to the jurisdiction of the Company with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Participant and its Authorized Users prior to such revocation or termination.

(b) Each Participant shall be required to satisfy such minimum financial requirements as may be established from time to time by the Company.

(c) All Participant communications with the Company, including keystrokes entered by the Participant on the Company, emails and telephone calls, may be recorded without further notice, and such recordings may be provided to regulatory authorities (subject to and in compliance with Applicable Laws) and used as evidence in the event of any dispute. Such recordings will be and remain the sole property of the Company and will, in the absence of manifest error, be accepted by the Participant as evidence of the communications so recorded. The period of retention of such recordings shall be as required by Applicable Law or any such longer period as may be determined by the Company in its sole discretion. Further, such recordings may be used for the Company's own purposes (including, without limitation, for purposes of monitoring levels of activities in categories of transactions) and not for the Participant's benefit.

(d) Each Participant and any Authorized User(s) thereof must also cooperate promptly and fully with the Company, its agents, and/or the CFTC in any investigation, call for information, inquiry, audit, examination, or proceeding. Such cooperation shall include providing the Company with access to information on the activities of such Participant and/or Authorized User in any referenced or related market that provides the underlying prices for any the Company Contracts or that is otherwise related to the pricing or trading of any Contract.

(e) Each Participant consents to allow the Company to provide all information the Company has in its possession or control regarding the Participant, including the Participant's trading activity, to the CFTC or any other regulatory agency, law enforcement authority, or judicial

tribunal, including (as may be required by information sharing agreements or other contractual, regulatory, or legal provisions) foreign regulatory or self-regulatory bodies, law enforcement authorities, or judicial tribunals.

(f) The Rulebook, all amendments thereto and notices and policies thereunder, as well as the specifications for the Contracts from time to time traded and cleared on the Company, will be publicly available on the Company website. Each Participant and each Participant's Authorized Users(s) will be automatically bound by any notices, interpretations, guidance, Rule changes or other material posted by the Company on its website, without any further action by the Participant and/or Authorized User(s). Each Participant and Authorized User is required to review the "Notices" section of the Company website to make themselves aware of material changes to these Rules or other notices that may affect their rights and obligations as a Participant of the Company. As mentioned above, the Company shall publish a notice with respect to each addition to, modification of, or clarification of, the Rules, any action to implement any Rules, or any notices, interpretations or guidance, in a form and manner that is reasonably designed to enable each Participant to become aware of and familiar with, and to implement any necessary preparatory measures to be taken by it with respect to, such material, prior to the effective date thereof; *provided* that any failure of the Company to so publish a notice shall not affect the effectiveness of the material in question. For purposes of publication in accordance with the first sentence of this Rule 3.6, it shall be sufficient (without limiting the discretion of the Company as to any other reasonable means of communication) if a notice is published on the Company's website.

(g) Each Participant must provide the Company with the current electronic mail address for each of its Authorized Users and immediately (and in any event within 24 hours) update each such address whenever it changes. All communications between the Company and the Participant (and its Authorized Users) will be transmitted by email and/or posted on the Company website.

(h) Each Participant must immediately notify the Company in writing upon becoming aware:

(1) that the Participant, any of the Participant's officers, employees, agents or any of the Participant's Authorized Users has had access or trading privileges or clearing privileges suspended, or participant status is denied, in any commodity, futures, securities, event contracts or swaps exchange, or any other trading platform or regulatory self-regulatory agency;

(2) that the Participant, any of the Participant's officers, employees, agents or any of the Participant's Authorized Users has been convicted of, pled guilty or no contest to, or entered a plea agreement to, any felony in any domestic, foreign or military court;

(3) that the Participant, any of the Participant's officers, employees, agents or any of the Participant's Authorized Users has been convicted of, plead guilty or no contest to, or entered a plea agreement to a misdemeanor in any domestic, foreign or military court which involves:

1. embezzlement, theft, extortion, fraud, fraudulent

conversion, forgery, tax evasion, counterfeiting, false pretenses, bribery, gambling, racketeering, or misappropriation of funds, securities or properties; or

2. any transaction in or advice concerning swaps, futures, options on futures, leveraged transactions or securities;

(4) that the Participant, any of the Participant's officers, employees, agents or any of the Participant's Authorized Users has been subject to, or associated with a firm that was subject to regulatory proceedings before any governmental or regulatory agency;

(5) that the Participant, any of the Participant's officers, employees, agents or any of the Participant's Authorized Users is currently a party to any investigation or proceeding, the resolution of which could result in an event described in Rule 3.6(h)(1)-(4);

(6) of any other material change in any information contained in the Participant's application to become a Participant on the Company;

(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 Participants' ability to continue to comply with participation requirements.

Upon the receipt of such notice, the Company may take any action it determines to be appropriate, in its sole discretion with respect to such Participant, including but not limited to the revocation of such Participant's Trading Privileges and/or Clearing Privileges.

(i) Each Participant must diligently supervise all activities of the Participant's officers, employees and/or agents, including all Authorized Users, relating to transactions effected on the Company. Any violation of these Rules by any officer, employee or agent of a Participant, including its Authorized Users, may constitute a violation of the Rules by such Participant.

(j) A Participant is not required to engage in trading activity or maintain a minimum balance in its Account after initial funding. Notwithstanding the foregoing, the Company has the authority to impose minimum withdrawal amounts or fees for inactivity, which will, if imposed, be posted on the Company website from time to time.

(k) Recordkeeping

(1) Each Participant must maintain audit trail information as required by the CEA and CFTC Regulations, including, but not limited to, CFTC

Regulations 1.31 and 1.35 if applicable, and must be able to produce this data in a standard format upon request from the Company.

(2) Each Participant which holds a position that is in excess of the Position Accountability Levels of any Contract must prepare, maintain, keep current and retain those books and records for the life of each Contract, including records of the instrument used as a reference price, underlying commodities and related derivatives for five years following the termination of such Contract, and any other books and records required by these Rules, the CEA and CFTC Regulations for the time period required by these Rules, the CEA and CFTC Regulations.

(3) The books and records required to be kept under subparagraphs (i) and (ii) above shall be readily available for inspection, at any time, on a routine or non-routine basis and promptly provided to the Company, the NFA, the CFTC, the SEC or the U.S. Department of Justice, upon request, in each case in the form and manner required under these Rules, and/or the CEA and CFTC Regulations.

The Exchange may conduct periodic reviews or audits of Participants, Authorized Traders, and other persons subject to the Exchange's audit trail and recordkeeping requirements to verify compliance with the Exchange Rules. Participants must cooperate with such reviews and provide records or information upon request by the Exchange.

(4) The Exchange shall maintain complete and accurate records of all activities relating to the business of the Exchange as a Designated Contract Market. Such records include, but are not limited to, records relating to trading activity, audit trail data, market surveillance activities, investigations, disciplinary proceedings, governance activities, and other operational and regulatory functions of the Exchange.

All records maintained by the Exchange shall be retained in accordance with the Commodity Exchange Act and applicable CFTC Regulations, including Regulation 1.31, and shall be maintained for a minimum of five years, with the first two years readily accessible. Such records shall be maintained in a form and manner acceptable to the CFTC and made available promptly to the CFTC or other authorized regulatory authorities upon request.

3.7 Responsible Agents

(a) Each Participant that is an Entity shall at all times have at least one employee or agent (each, a "**Responsible Agent**") designated as its administrator with respect to the use of the PredictCraft Mkt Inc. Platform by the Authorized Users of such Participant. Each Participant that is a natural person shall serve as its own Responsible Agent. The Company may prescribe such qualification standards for Responsible Agents as it may from time to time

determine necessary or advisable. Among other things, each Responsible Agent shall (i) have full control over access to the PredictCraft Mkt Inc. Platform by the Participant (including its Authorized Users) represented by such Responsible Agent and (ii) be able to access, and, if required, modify and withdraw, any and all Orders placed, or purported to be placed, by the Authorized Users of such Participant. The Responsible Agent(s) of any Participant shall also be solely responsible for any and all communications between the Company and such Participant, and any and all notices or other communications sent to such Responsible Agent(s) by the Company shall be binding on such Participant. Each Participant shall notify the Company promptly of any change regarding any of its Responsible Agents.

(b) Each Participant shall (i) be solely responsible for controlling and monitoring the use of all User IDs and passwords to access the PredictCraft Mkt Inc. Platform (issued to its Authorized Users and Responsible Agent(s) by the Company, (ii) provide such User IDs and passwords only to its Authorized Uses and Responsible Agent(s), and (iii) shall notify the Company promptly upon becoming aware of any unauthorized disclosure or use of the User IDs or passwords or access to the Company or of any other reason for deactivating User IDs or passwords. Each Participant, on behalf of itself and its Authorized Users, shall be bound by any actions taken through the use of its User IDs and passwords (other than any such actions resulting from the fault or negligence of the Company), including the execution of transactions, whether or not such actions were authorized by such Participant and/or any of its supervised persons or executed by anyone other than an Authorized User of such Participant.

(c) Notwithstanding anything to the contrary in Rule 3.7(b), each Authorized User shall have his or her own unique User IDs and passwords that may be used only by such Authorized User and solely for the purpose of submitting Orders in respect of the Account for which the Authorized User has Trading Privileges.

3.8 Incentive Programs

The Company may from time to time adopt one or more programs under which one or more Participants or Authorized Users may be designated as Incentive Program Participants with respect to one or more Contracts and may be granted certain benefits in return for assuming obligations in order to provide liquidity and orderliness in the market or markets for such Contract. Any such program may provide for any or all of the following:

(d) qualifications, including any minimum net capital requirements, that any such Incentive Program Participant must satisfy;

(e) the procedure by which Participants or Authorized Users may seek and receive designation as Incentive Program Participants;

(f) the obligations of such Incentive Program Participants, including any applicable minimum bid and offer commitments; and

(g) the benefits accruing to such Incentive Program Participants, including priority in the execution of transactions effected by Participants or Authorized Users in their capacity as Incentive Program Participants, reduced transaction fees or the receipt of compensatory payments from the Company.

3.9 Market Maker Programs

(1) At its discretion, the Company may offer a market maker program that provides incentives to Participants willing to supply the Company with a specified number of bids and offers or traded volume in the market.

(2) The market maker program may offer reduced fees, amongst other incentives, for qualified liquidity providers as determined by the Company.

(3) Eligibility to be designated as a Market Maker:

(1) only Participants in good standing may become a Market Maker;

(2) the Company shall have sole discretion to allow a Participant to become a Market Maker;

(3) a Market Maker must complete and file a Market Maker Agreement with the Company to be considered for Market Maker status;

(4) the designation of any Market Maker may be suspended, terminated, or restricted by the Company at any time and for any reason;

(5) the Company may designate more than one (1) Market Maker, and there may be more than one (1) Market Maker participating in the Company; and

(6) the Company may have more than one (1) Market Maker program in place at any given time.

(4) Designation as a Market Maker. To determine whether a Person shall be designated as a Market Maker, the Company shall consider the Person's available financial resources, relevant experience, business reputation, and any other relevant factor. No Participant shall be designated as a Market Maker without the Participant's consent.

(5) Periodic Reviews by the Company. The Company 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, the Company may, among other things, suspend, terminate, or restrict the Market Maker's designation.

(6) Market Maker Benefits. Market Makers may receive benefits, including, but not limited to, financial benefits, reduced fees, differing position limits and Position Accountability Levels, and enhanced access, in accordance with any relevant Market Maker program in place at the Company for fulfilling the Market Maker obligations.

(7) Market Maker Obligations.

(1) 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.

(2) 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 the Company. 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.

3.10 Market Maker Position Accountability Levels

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

3.11 Limitation of Liability

EXCEPT AS OTHERWISE PROVIDED IN THESE RULES, AND EXCEPT IN INSTANCES WHERE THERE HAS BEEN A FINDING OF WILLFUL MISCONDUCT OR GROSS NEGLIGENCE, IN WHICH CASE THE PARTY FOUND TO HAVE ENGAGED IN SUCH CONDUCT CANNOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE 3.11, NEITHER THE COMPANY (INCLUDING ITS AFFILIATES AND ANY CONTRACTORS AND SUB-CONTRACTORS PROVIDING SERVICES TO THE COMPANY) NOR ANY COMPANY PERSONNEL SHALL BE LIABLE TO ANY OTHER PERSON, INCLUDING ANY PARTICIPANT OR PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED USERS), FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES (INCLUDING LOSS OF PROFITS, LOSS OF USE, DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES), ARISING FROM (I) ANY FAILURE OR MALFUNCTION OF THE PREDICTCRAFT MKT INC. OR ANY EXCHANGE SERVICES OR CLEARINGHOUSE SERVICES OR FACILITIES USED TO SUPPORT THE PREDICTCRAFT MKT INC. PLATFORM, OR (II) ANY FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY OR TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF THE PREDICTCRAFT MKT INC. PLATFORM OR ANY EXCHANGE SERVICES OR CLEARINGHOUSE SERVICES OR FACILITIES USED TO SUPPORT THE PREDICTCRAFT MKT INC. PLATFORM. THE FOREGOING SHALL APPLY REGARDLESS OF WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE. FURTHERMORE, THERE SHALL BE NO LIABILITY BASED UPON, OR IN CONNECTION WITH, ANY QUOTE OR OTHER INFORMATION IF NO CORRELATIVE PURCHASE OR SALE OF A CONTRACT IS MADE, AND IF A CORRELATIVE PURCHASE OR SALE OF A CONTRACT IS MADE, ANY LIABILITY SHALL BE LIMITED IN AMOUNT TO THE AGGREGATE PRICE OF THE

CONTRACTS PURCHASED OR SOLD.

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

EXCEPT AS OTHERWISE PROVIDED IN THESE RULES, ANY LIABILITY OF THE COMPANY (OTHER THAN LIABILITY THAT IS EXCLUDED PURSUANT TO THE PRECEDING TWO PARAGRAPHS OF THIS RULE 3.11) WILL BE LIMITED TO DIRECT, OUT-OF-POCKET LOSSES DIRECTLY CAUSED BY THE ACTS OR OMISSIONS OF THE COMPANY OR COMPANY PERSONNEL; PROVIDED THAT THE TOTAL COMBINED AGGREGATE LIABILITY OF THE COMPANY AND COMPANY PERSONNEL TO ANY ONE PARTICIPANT SHALL NOT EXCEED $2,500 FOR ALL LOSSES FROM ALL CAUSES SUFFERED ON A SINGLE CALENDAR DAY; $5,000 FOR ALL LOSSES SUFFERED FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND $50,000 FOR ALL LOSSES SUFFERED FROM ALL CAUSES IN A SINGLE CALENDAR YEAR.

ANY PARTICIPANT OR PERSON ASSOCIATED WITH A PARTICIPANT

(INCLUDING ANY AUTHORIZED USER) WHO FAILS TO PREVAIL IN A LAWSUIT OR OTHER LEGAL PROCEEDING INSTITUTED BY SUCH PERSON AGAINST THE COMPANY OR COMPANY PERSONNEL, AND RELATED TO THE BUSINESS OF THE COMPANY, WILL PAY TO THE COMPANY ALL REASONABLE EXPENSES, INCLUDING ATTORNEYS' FEES, INCURRED BY THE COMPANY IN THE DEFENSE OF SUCH PROCEEDING TO THE EXTENT THAT SUCH EXPENSES EXCEED FIFTY THOUSAND USDs $50,000.00. THIS PROVISION WILL NOT APPLY TO DISCIPLINARY ACTIONS BY THE COMPANY, ADMINISTRATIVE APPEALS OF COMPANY ACTIONS OR IN ANY SPECIFIC INSTANCE WHERE THE BOARD OF DIRECTORS HAS GRANTED A WAIVER OF THIS PROVISION.

NOTWITHSTANDING ANY OF THE FOREGOING PROVISIONS, THIS RULE 3.11 SHALL IN NO WAY LIMIT THE LIABILITY OF ANY PERSON ARISING FROM ANY VIOLATION OF SUCH PERSON OF THE CEA OR CFTC REGULATIONS THEREUNDER.

3.12 ISV Access

The Company will provide ISVs with access to its trading platform and its data in a fair and nondiscriminatory manner; *provided*, *however*, that each ISV shall comply with the Company's criteria governing such access. Such access criteria shall be impartial and transparent.

For the avoidance of doubt, Affiliates of the Company are permitted to connect to the PredictCraft Mkt Inc. Platform as ISVs, *provided* that any such Affiliate is found, by action of the Board of Directors to have access on terms and conditions that are not preferential relative to other ISVs and do not provide the Affiliate with any advantages or benefits not available to other ISVs, and that such Affiliate has represented that it does not utilize any systems or features that are not available to other ISVs.

3.13 Direct Market Access Only

The Exchange operates on a direct access model. The Exchange does not permit intermediated trading and does not utilize futures commission merchants ("FCMs") or other intermediaries to facilitate trading on the Exchange.

All orders submitted to the Exchange must be entered directly by Participants or their Authorized Users who have been granted trading privileges on the Exchange.

The Exchange does not maintain intermediated customer accounts, and customers of FCMs or other intermediaries are not permitted to enter orders directly into the Exchange's trade-matching system.

The Exchange may permit access to its trading platform through independent software vendors ("ISVs") that provide technology connectivity to Participants; however, ISVs do not act as intermediaries, do not maintain customer accounts, and do not submit orders on behalf of customers.

CHAPTER IV

TRADING PLATFORM AND METHODOLOGY

4.1. Contracts Traded on PredictCraft Mkt Inc.

The Company shall determine which Contracts are available for trading subject to the Rules from time to time and approve rules containing the specifications for such Contracts, *provided* that certifications or applications with respect to such Contracts shall be submitted to the CFTC as required by the CEA and CFTC Regulations. All trading on the Exchange shall occur through the Exchange's electronic trading platform using the central limit order book. The Exchange does not permit block trades or other privately negotiated transactions. Participants access the Exchange directly through accounts maintained with the Exchange, and the Exchange does not utilize futures commission merchants ("FCMs") or other intermediating clearing members.

4.2. Participants and Authorized User Access

(a) During the Participant application process, an applicant, to become a Participant, will be required to register a user identification ("**User ID**") and password.

(b) The Participant will be required to enter the User ID and password to log onto and access secure portions of the Company website, including the PredictCraft Mkt Inc. Platform. Each time the Participant submits its unique User ID and password to the Company in order to log onto the PredictCraft Mkt Inc. Platform, the Participant affirms that it understands, and agrees to be bound by, these Rules and other policies and procedures of the Company, as amended.

(c) Each Authorized User shall maintain a unique User ID and password, distinct from the User ID and password of the Participant but identified as related to the Participant with which the Authorized User is associated. The Participant will only provide the User IDs to its officers, employees or agents who are designated as, and authorized as, Authorized Users. the Company reserves the right to revoke or modify a User ID at any time without prior notice.

(d) The Participant will be responsible for protecting its User IDs and passwords, and with respect to itself, the ID(s) and password(s) of its Authorized User(s), from improper disclosure. In addition, a Participant may not knowingly or negligently permit any Person not authorized by the Company and by the Participant to use the User ID and password to access the secure portion of the Company website, including the PredictCraft Mkt Inc. Platform. The Participant is required to immediately notify the Company if it knows, or has reason to believe, that its User ID or the User ID and/or password of any Authorized User have been disclosed to any Person not authorized by the Company and the Participant to use such User ID and/or password.

(e) The Participant authorizes the Company to rely upon any instruction received through use of its User IDs without further inquiry, and the Company shall not be liable to the Participant for any actions taken based on instructions received through such User IDs, even if such instructions were not authorized by the Participant. The Participant will be liable for any and all costs, expenses, losses or other amounts that may result from actions taken, including transactions executed on the Company, by any person, authorized or not, using its User ID and

password or the ID and/or password of any Authorized User. the Company will not be responsible in any way for unauthorized transactions in a Participant's Account.

(f) The Participant is responsible for contracting with an internet service provider through which it will access the Company website and for having a backup service provider if reasonably necessary. The Participant is also responsible for maintaining an internet connection speed adequate for its needs. the Company 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 Participant's internet service provider or slowness of its internet connection speed. No communication from a Participant will be deemed to have been received by the Company until that communication is logged by the Company server.

(g) The Exchange shall not use for business or marketing purposes any proprietary or personal information that it collects or receives from or on behalf of any Participant and/or Authorized User in connection with the operation of the Exchange or the fulfillment of regulatory obligations, unless such Participant and/or Authorized User has clearly consented to the use of such data or information for such purposes.

Access to the Exchange or its trading facilities shall not be conditioned on a Participant's or Authorized User's consent to the use of proprietary data or personal information for business or marketing purposes.

The Exchange may disclose or use such proprietary data or personal information only:

(i) as required by applicable law, the Commodity Exchange Act, or CFTC Regulations;

(ii) to the Commodity Futures Trading Commission or other regulatory authorities;

(iii) to the Exchange's officers, employees, contractors, or service providers who require access to such information in connection with the operation or regulation of the Exchange, provided such persons are subject to appropriate confidentiality obligations; or

(iv) where the Participant and/or Authorized User has clearly consented to such use.

The Exchange shall maintain safeguards designed to protect the confidentiality of proprietary data and personal information collected in connection with the operation of the Exchange.

Participants and Authorized Users must satisfy the eligibility and fitness standards set forth in Rule 4.12 (Fitness Standards) in order to obtain and maintain trading privileges on the Exchange.

4.3. Orders

(a) The Authorized Users of each Participant shall enter Orders by electronic transmission to, and shall be required to provide the information required on the Order entry page of the PredictCraft Mkt Inc. Platform. the Company shall maintain an electronic record of those entries. Each Participant shall be responsible for any and all Orders in its Account to be entered by any of its Authorized Users.

(b) Order rate limiter functionality may cap the maximum number of Orders that may be submitted to the Company per second (or per a specific time period expressed in seconds) per Participant and/or Authorized User of a Participant, in order to prevent a risk of harm to the Company. Similarly, the Company may limit the number of messages submitted to the Company for the same purpose.

(c) Any Participant submitting Orders, or any other messages to the Company, 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 the Company.

(d) Participants are prohibited from entering Orders on the PredictCraft Mkt Inc. Platform if there are insufficient funds in the Participant's Account to satisfy such Orders if they are executed. the Company may, in its discretion, impose penalties and take such other action against a Participant if the circumstances warrant should the Participant violate this Rule 4.3(d).

(e) The PredictCraft Mkt Inc. Platform will maintain an electronic record of all Orders to trade Contracts, and all executed Contracts.

(f) The Company may make information regarding Orders (including prices bid or offered), trades and any other matters it may deem appropriate available to Participants, Authorized Users and other Persons at such times and in such manner (whether through the PredictCraft Mkt Inc. Platform, a ticker, financial information services or otherwise) as it may consider necessary or advisable from time to time.

(g) Each Participant, Authorized User or other Person receiving any such information through the PredictCraft Mkt Inc. Platform is expressly prohibited from redistributing such information unless expressly permitted by the Company. Employees and agents of the Company shall have access to the offices of any Participant and each of its Authorized Users during regular business hours in order to observe the compliance by such Participant and its Authorized Users with the immediately preceding sentence.

(h) The Company shall comply with the requirements of paragraphs (a) through (h) of CFTC Regulation 17.00 as they apply to trading in any Contracts that qualify as "exclusively self-cleared contracts" within the meaning of CFTC Regulation 15.00.

(i) The Company may establish a maximum Order size for the Account of each Participant based upon the Participant's available funds, the Participant's trading behavior, and any other factors that the Company deems relevant.

(j) Any Standing Limit Order that has been entered into the PredictCraft Mkt Inc. Platform may be cancelled unless and until it has been executed or has otherwise expired. the Company will attempt to cancel an existing Order as soon as possible after a Participant enters a cancellation instructions. However, the Order may be executed before the Company is able to cancel it. If an Order has been filled in whole or in part, a Participant may cancel only that portion of the Order (if any) that has not been executed. Such cancellation will become effective upon the

issuance of an acknowledgement by the PredictCraft Mkt Inc. Platform of the cancellation of the Order, as the case may be.

(k) As a CFTC registrant, the Company has the authority to adjust trade prices or cancel transactions when necessary to mitigate market disrupting events caused by malfunctions in its electronic trading platform(s) or errors in Orders submitted by Participants, and the Company will utilize this authority when, in its sole discretion, it deems such action necessary or appropriate.

4.4. Execution and Confirmation Process

Orders to buy or sell any Contract are subject to any margin or settlement requirements as imposed from time to time by the Clearinghouse. All Orders are matched with each other and executed electronically through the PredictCraft Mkt Inc. Platform in accordance with an algorithm that gives first priority to Orders at the best price and priority among Orders entered at the same price based on their time of entry into the PredictCraft Mkt Inc. Platform, with the Order first entered receiving first priority. Without limiting the generality of the foregoing, the algorithm to match Orders entered in the PredictCraft Mkt Inc. Platform is based upon the following principles:

(a) 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.

(b) Time priority will be assigned to the first Order at a price that betters the best price prevailing when the Order is received. Only one buy Order and one sell Order can have time priority at any given time. Orders with time priority will be matched first regardless of their respective sizes.

(c) An Order will not lose time priority with respect to Orders at the same price if and when an Order at a better price is entered, but it will lose price priority.

(d) Once an Order with time priority has been filled, the algorithm described herein will be applied to the remaining Orders at the same price. Thus, the Order received immediately after the Order that initially had time priority will be assigned time priority and be the next Order to be executed at such price.

Notwithstanding anything in these Rules to the contrary, the Company may at any time use a different matching algorithm for a particular Contract by giving notice of such algorithm to all Participants at least ten (10) Trading Days before such algorithm is implemented.

4.5. Permitted Order Types

(a) Except as otherwise provided in Rule 4.5, all Orders must be entered and executed on the PredictCraft Mkt Inc. Platform.

(b) Standing Limit Orders may be subject to minimum contract quantity requirements and will be executed when entered, in whole or part, to the extent that there are opposite Orders open in the PredictCraft Mkt Inc. Platform, with any balance to remain as an open Order until it is executed, cancelled, expires, or is replaced by a Standing Limit Order with price priority.

(c) Market Orders: Orders submitted without a specified price that execute immediately against the best available opposing Standing Limit Orders.

(d) Fill or kill ("FOK") is a time-in-force designation for an Order that must be executed immediately and in its entirety; if the full Order cannot be filled immediately, the entire Order is automatically cancelled.

(e) Good 'Till Cancelled ("GTC") is a time-in-force designation for an Order which will remain in force until executed, cancelled or the Contract expires.

(f) Good 'Till Date ("GTD") is a time-in-force designation for an Order that is active until a specific date and time.

(g) Immediate or Cancel ("IOC") is a time-in-force designation for an Order that is executed immediately, in whole or in part, and any portion of the Order that is not immediately filled is automatically cancelled.

4.6. Trade Confirmations

A printable record of all of the terms of each trade entered into on the Company or pursuant to the Rules will be available on the PredictCraft Mkt Inc. Platform interface on the Participant's activity page immediately upon execution. Such record shall legally supersede any previous agreement and serve as a confirmation of each such trade. The PredictCraft Mkt Inc. Platform may send confirmation messages to Members upon execution of a trade via the API, mobile application, and/or website, if such Participant is online at the time. However, please note that if such Participant is not online at the time of execution, the confirmation(s) will be provided when such Participant next logs on to the PredictCraft Mkt Inc. Platform interface. The contract type, size, execution time and execution method for each trade will be made available on the website to all Participants after successful execution of any trade.

4.7. Errors

(a) Upon receipt of an error notification, either internally generated or from a Participant, the Company will review its electronic audit trail to determine, in its sole discretion, if the Company incorrectly rejected or processed an Order:

1. On the same Business Day if the request was received prior to 12:00 Noon on a Business Day.

2. By the end of the following Business Day if such request was received after 12:00 Noon on a Business Day or on any day that is not a Business Day.

(b) The determination of the Company in its absolute and sole discretion is final.

(c) If the review reveals that the Order was correctly processed by the Company, then the Company in its sole discretion may resolve the Participant's review request as follows:

1. If the system behavior is due to any fault of the Participant and/or the Authorized User, make no adjustments.
2. If the system behavior could not reasonably be anticipated or is due to no fault by the Participant or the Authorized User, the Company in its sole and absolute discretion may make a monetary adjustment from its own funds, that the Company in its sole and absolute discretion believes represents a fair and equitable resolution of the Order's handling, *provided* that the Company shall have no obligation to do so.

3. No adjustments to another Participants' positions shall be undertaken unless expressly agreed upon by the parties to the trade and the Exchange.

(d) If the review reveals that the Order was incorrectly handled by the Exchange, then the Company in its sole and absolute discretion may resolve the Participant's error by:

1. cancelling such trade in the Accounts of all directly affected Participants.

2. making a monetary adjustment, which in the sole and absolute discretion of the Company and from its own funds, that the Company in its sole and absolute discretion believes represents a fair and equitable resolution of the Order's handling, *provided* that the Company shall have no obligation to do so.

(e) Any errors in the execution of a trade by a Participant and/or Authorized User remain the sole responsibility of such participant and/or Authorized User, with no recourse to a trading counterparty or the Exchange.

4.8. Position Limits and Position Accountability

(a) Position Limits

1. Position limits may be established by the Company from time to time for any Contract.

2. The maximum position will be set forth in the Contract Rules of any Contract with such limits.

3. No Person shall be permitted to enter into any transaction on the Company that would cause such Person to exceed any position limit, and no Person may enter orders which, if executed, would cause such Person to exceed an applicable Position Limit, except that:

A. Upon application from a Participant, for hedging or other good cause shown, the Company in its sole discretion may exempt the Participant from limit on

temporary or permanent basis.

B. Any exemption may include new limits.

C. the Company shall have the authority to review and rescind any exemption.

D. If a Participant exceeds an applicable Position Limit or fails to reduce a position as directed by the Company, the Company may require the reduction or liquidation of positions to a level below the applicable Position Limit.

E. Violations of Position Limits may result in enforcement actions by the Company, including warnings, trading restrictions, suspension of trading privileges, liquidation of positions, or disciplinary proceedings pursuant to Chapter VII of these Rules.

4. For purposes of this Rule 4.8(a), the Company will aggregate the Accounts for all Participants as provided by CFTC Regulation 150.4.

(b) Position Accountability

1. The Company may, at any time, require a Participant and its Authorized Users who own or control positions in contracts traded on the Company to provide information relating to the nature and size of such person's position; the trading strategy employed with respect to the position; information supporting a determination of the hedging nature of the position; and such other position information as may be requested.

2. The Company may order the reduction of any such position of a Participant who fails to provide the information as directed, or in its discretion, order that a position above the position accountability threshold not be increased.

4.9. Public Data

The Company will post on its website the pricing, current volume and open interest for all active Contracts on each Trading Day. The Company will also post on its website any other information as required by CFTC Regulation 16.01.

4.10. Impartial Access to Markets

The Company shall provide its members and persons with trading privileges impartial access to its markets and services.

Access criteria shall be impartial, transparent, and applied in a non-discriminatory manner.

The Exchange shall apply objective and risk-based standards governing access to trading on the Exchange.

Fees, dues, and other charges imposed by the Exchange for access to its markets or services shall be applied in a comparable and non-discriminatory manner to similarly situated members and persons with trading privileges. The Exchange may establish different fee structures for distinct categories of Participants, and potentially Market Makers, provided that such fee structures are applied uniformly and non-discriminatorily within each category.

Eligibility requirements for Participants and Authorized Users are set forth in Chapter III of these Rules. Any denial, limitation, or revocation of access shall be subject to the disciplinary and appeal procedures set forth in Chapter VII of these Rules.

Any Exchange affiliate or entity owned by an Exchange owner that is permitted to trade on the Exchange shall be subject to the same Exchange Rules, access requirements, surveillance procedures, and disciplinary processes applicable to all Participants and Authorized Users.

4.11. Trading Hours and Trading Day

(a) Continuous Trading

The Exchange operates on a continuous electronic trading basis. Trading on the PredictCraft Mkt Inc. Platform is generally available twenty-four (24) hours per day, seven (7) days per week, Sunday through Saturday. Trading is conducted exclusively through the Exchange's Central Limit Order Book ("CLOB"). Trading may be suspended, halted, or otherwise unavailable due to scheduled system maintenance, emergency actions, or other operational circumstances in accordance with these Rules.

(b) Trading Day Definition

For purposes of regulatory reporting, audit trail generation, and compliance with applicable CFTC Regulations, each "Trading Day" shall mean the twenty-four (24) hour period beginning at 12:00:00 a.m. Eastern Time (ET) and ending at 11:59:59 p.m. ET.

(c) Maintenance Windows

From time to time, the Exchange may conduct scheduled system maintenance during which trading may be temporarily unavailable. Scheduled maintenance, if conducted, is generally expected to occur during the window of 3:00 a.m. ET to 5:00 a.m. ET on Thursdays. The Exchange may modify the timing or duration of maintenance activities as necessary and will provide notice to market participants and the CFTC as appropriate.

(d) Real-Time Market Monitoring

The Exchange maintains real-time monitoring of trading activity and system performance during all trading hours through the Market Surveillance and Compliance Department and Operations and Technical Support personnel.

4.12. Fitness Standards

Participants, Authorized Users, and other persons granted trading privileges on the Exchange must meet minimum fitness standards consistent with the Commodity Exchange Act and applicable Commission regulations.

In determining whether a person satisfies these fitness standards, the Exchange may consider factors including, but not limited to:

- prior disciplinary actions by the Exchange or any other exchange, self-regulatory organization, or financial regulatory authority;
- findings of violations of the Commodity Exchange Act or Commission regulations;
- statutory disqualification under the Commodity Exchange Act;
- criminal convictions involving fraud, dishonesty, market manipulation, or other trading-related misconduct;
- suspension, expulsion, or denial of trading privileges by any exchange, self-regulatory organization, or financial regulatory authority; or
- any other conduct that may adversely affect the integrity of the Exchange or the orderly operation of its markets.

The Exchange may deny, suspend, or terminate trading privileges if a Participant and/or Authorized User fails to satisfy these standards.

The Board shall conduct a review of the performance of individual Directors and the collective Board at minimum annually. Any shortcomings or failures to perform of an individual director or the Board may result in replacement of any Board member who has failed to perform with such replacement being reported to the CFTC within 30 days thereof.

4.13. Financial Standards and Participant Eligibility

Participants and Authorized Users must satisfy the Exchange's eligibility and financial standards in order to obtain and maintain trading privileges on the Exchange.

Because the Exchange operates on a fully-collateralized trading model, Participants must maintain sufficient funds in their Exchange accounts to fully collateralize all orders and positions prior to execution. The Exchange does not permit leveraged or margin trading.

Participants and Authorized Users must comply with the Exchange Rules, the Commodity Exchange Act, and applicable regulations of the Commodity Futures Trading Commission.

The Exchange may deny, suspend, restrict, or terminate trading privileges where a Participant and/or Authorized User fails to maintain sufficient financial resources, fails to comply with the Exchange's eligibility requirements, or otherwise poses a risk to the financial integrity or orderly operation of the Exchange's markets.

Participants and Authorized Users must promptly notify the Exchange of any event or circumstance that may materially affect their ability to meet these financial or eligibility requirements.

4.14. Trade Cancellations

(a) As a designated contract market, the Exchange has the authority to adjust trade prices or cancel trades when necessary to mitigate market-disrupting events caused by malfunctions on the Exchange platform or errors in Orders submitted by Participants. However, the circumstances in which this authority may be exercised are limited.

(b) The Exchange, in its discretion and in accordance with these Rules, may cancel or adjust 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 being matched on the Exchange platform. Cancellations or adjustments of erroneous trades are prohibited except in extraordinary circumstances. An erroneous trade made due to Participant error, or caused by circumstances preventable in any way by a Participant, shall not constitute "extraordinary circumstances" except as described in 4.14(d).

(c) In addition to any Contract adjustment raised under Chapter IX of these Rules, the Exchange may review a trade based on its own analysis of the market or pursuant to a request for review by a Participant. A request for review must be received by the Company in writing no later than fifteen (15) minutes after the trade has been executed on the Exchange platform and before expiration of the Contract.

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

(ii) Once a fair market value has been calculated, a twenty (20) percent range will be added above and below such fair market value to determine the "No Cancellation Range."

(iii) 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, the Exchange shall have the authority, but not the obligation, to cancel or adjust such trade. Once a trade is determined to be canceled, or adjusted, the Exchange will notify all interested parties to the trade as soon as practicable following such determination.

(iv) When determining the value for a trade adjustment, the Exchange may in its discretion consider subsequent trades by the counterparties in order to ensure that the operation of this Rule is fair and equitable. Participants shall be accountable to remit funds as necessary to effectuate any trade cancellation or adjustment under this Rule.

(v) The decisions of the Exchange regarding fair market value of the Contract, the no cancellation range, the acceptance of a cancellation or adjustment of a trade, or any other determination hereunder shall be final and not subject to appeal. For the avoidance of confusion, no correction or offset of a trade shall be given effect absent the express acceptance and acknowledgement of the Exchange

(d) Erroneous trades involving Participants who are signatories to an active market maker agreement with the Exchange, or who have been granted access to an advanced tier of the Exchange's API, may, but need not, qualify as an "extraordinary circumstance" if, in the Company's sole

discretion: (i) the erroneous trades were unmistakably and demonstrably made as a result of a Participant's automated trading system malfunction (ii) such malfunction occurred despite reasonable safeguards, disaster recovery measures, and/or back-up capabilities; (iii) both parties to the trade agree in writing on its' cancellation or adjustment and such agreement is presented to the Exchange by both trading parties in advance of the trade's cancellation or adjustment, and (iv) the circumstances of any request for review do not indicate any attempt to undermine or manipulate the fair operation of this Rule, as determined in the sole discretion of the Exchange.

CHAPTER V
CLEARING

5.1. Submission and Acceptance of Trades for Clearing

(a) Participants are required to have sufficient funds on deposit with the Clearinghouse such that any executed Orders will be accepted by the Clearinghouse.

(b) To facilitate compliance with Rule 5.1(a), the Company, in its sole discretion and from its own funds, may advance funds for immediate use to a Participant's Account, *provided* that it shall have no obligation to do so and *provided further* that:

1. Such advance is administrative in nature due to the normal course timing of banking transactions and is not a loan.

2. Such Participant has submitted a bona-fide funds deposit request.

3. Such funds deposit request is being processed in the normal course of banking transactions by the Clearinghouse.

4. Such advanced amount shall not exceed the lesser of the funds deposit request and US $250.

(c) Upon submission of an Order, the Clearinghouse will automatically review the Participant's Account to ensure that the Participant can fully margin or collateralize the transaction resulting from the Order and pay any premiums or other amounts due upon execution or settlement of such transaction, prior to execution of the transaction. If the Participant's Account does not have the necessary funds and/or collateral for the Order, the Clearinghouse will not accept the Order.

(d) Upon the successful acceptance of Contracts submitted for clearing, the Clearinghouse shall immediately, through the process of Novation, be substituted as and assume the position of Seller and Purchaser. Upon such substitution, the Seller and Purchaser shall have no obligations to each other, and such Participants shall be deemed to have bought the Contract from or sold the Contract to the Clearinghouse, as the case may be, and the Clearinghouse shall have all the rights and be subject to all the liabilities of such Participants with respect to such transactions. Such substitution shall be effective in law for all purposes. The Participants of the Contract are deemed to consent to the Novation by entering the applicable Orders on the PredictCraft Mkt Inc. Platform and the Clearinghouse consents to the Novation by accepting the Orders on the PredictCraft Mkt Inc. Platform.

(e) Contracts with the same terms and conditions submitted to the Clearinghouse for clearing are economically equivalent within the Clearinghouse and may be offset with each other within the Clearinghouse.

5.2. Fully-Collateralized Transactions

All Contracts traded on the Exchange are fully-collateralized contracts.

Participants are required to fully fund their payment obligations associated with a Contract prior to execution of the transaction. As a result, each party's obligations under a Contract are fully collateralized at the time the Contract is entered into.

The Exchange does not permit leveraged or margin trading. No participant may enter into a Contract unless sufficient collateral has been deposited and accepted by the Clearinghouse to fully collateralize the participant's obligations under the Contract.

CHAPTER VI

PARTICIPANT CONDUCT

6.1. Prohibited Activities

(a) No Participant and/or Authorized User shall engage in conduct in violation of Applicable Law or the Rules. Notwithstanding anything to the contrary in these Rules, no provision of these Rules will supersede any applicable prohibitions on fraud and manipulation, whether such prohibitions are prescribed by law, regulation or the Rules. All such prohibitions on fraud and manipulation, including, but not limited to, the antifraud provisions of the CEA and the antifraud rules promulgated by the CFTC thereunder, will remain in full force and effect with respect to, and will be fully applicable to, the trading of all Contracts. the Company and the Clearinghouse each retain the right to take any appropriate disciplinary actions against Participants as permitted by the Rules, as applicable.

(b) It shall be an offense to violate any Rule regulating the conduct or business of a Participant, or any agreement made with the Company, or to engage in fraud, dishonorable or dishonest conduct, or in conduct which is inconsistent with just and equitable principles of trade.

(c) No Participant shall enter into or attempt to enter into any trade on the Company that:

1. does not result in a change in beneficial ownership,
2. is designed to artificially inflate trading volume,
3. in any way attempts to circumvent the Company's Order processing, trade ordering, trade execution systems, or otherwise to circumvent exposure of the Order to open and competitive bidding on the Company, or
4. that has some other illegitimate purpose.

(d) No Participant and/or Authorized User shall engage, or attempt to engage, in any fraudulent act or engage, or attempt to engage, in any scheme to defraud, deceive or trick in connection with or related to any trade on or other activity related to the Company or the Clearinghouse.

(e) No Participant and/or Authorized User shall execute any fictitious transactions or execute any such Order with knowledge of its nature. No Participant shall effect or induce the purchase or sale of any Contract for the purpose of creating or inducing a false, misleading, or artificial appearance of activity in such Contract, or for the purpose of unduly or improperly influencing the market price of such Contract or for the purpose of making a price which does not reflect the true state of the market in such Contract. No Participant shall arrange and execute simultaneous offsetting buy and sell Orders in a Contract with intent to artificially affect reported revenues, trading volumes or prices.

(f) Orders entered into the PredictCraft Mkt Inc. Platform for the purpose of upsetting the equilibrium of the market in any Contract, creating, facilitating or exacerbating a disorderly market or creating a condition in which prices do not or will not reflect fair market values are prohibited, and any Participant and/or Authorized User who makes or assists in entering any such Order or clearing a transaction with knowledge of the purpose thereof or who, with such knowledge, in any way assists in carrying out any plan or scheme for the entering of any such Order or clearing a transaction, will be deemed to have engaged in an act detrimental to the Company or the Clearinghouse.

(g) No Participant shall manipulate or attempt to manipulate the market in any Contract. Furthermore, no Participant shall intentionally or recklessly engage, or attempt to engage, in the following in connection with any Contract: use manipulation to defraud, make an untrue or misleading statement or omit a material fact, engage in fraudulent or deceitful business practices, or deliver misleading or inaccurate reports concerning market information that affect the price of any Contract. No Participant shall directly or indirectly participate in or have any interest in the profit of a manipulative operation or knowingly manage or finance a manipulative operation.

(h) No Participant shall place or accept buy and sell Orders in the same product and expiration month, where the Participant knows or reasonably should know that the Orders are intended to avoid taking a bona fide market position exposed to market risk (transactions commonly known or referred to as "wash sales"). For the avoidance of doubt, opposing positions of the same expiration may be used to close positions before expiration and shall not be deemed to violate the prohibition on wash trades. Buy and sell Orders by Participants that are entered with the intent to negate market risk or price competition shall be deemed to violate the prohibition on wash trades. Additionally, no Participant shall knowingly execute or accommodate the execution of such Orders by direct or indirect means.

(i) No Participant shall engage in any trading, practice, or conduct on or subject to the rules of the Company or the Clearinghouse that constitutes fraudulent or abusive trading, including, but not limited to violating bids or offers; demonstrating intentional or reckless disregard for orderly execution of transactions during the closing period; or what is, is of the character of, or is commonly known to the trade as, "spoofing" (bidding or offering with the intent to cancel the bid or offer before execution). Any Participant who makes or assists in entering any such Order with knowledge of the purpose thereof or who, with such knowledge, in any way assists in carrying out any plan or scheme for the entering of any such Order, will be deemed to have

engaged in an act detrimental to the Company.

(j) No Participant shall engage in any trading, practice, or conduct that constitutes a "disruptive trading practice," as such term is defined by the CEA or in CFTC Regulations. Disruptive trading practices shall include any activity that (i) demonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period, (ii) consists of placing one or more Order with an intent to cancel such Order(s) prior to execution, (iii) submitting or cancelling Orders with an intent to overload the Company, (iv) submitting or cancelling bids or offers with an intent to delay another person's execution of trades, or (v) submitting or cancelling multiple bids or offers to create an appearance of false market depth.

(k) No Person shall make any misstatement of a material fact to the Company or the Clearinghouse (including the Board of Directors, any committee thereof or any panel of any such committee, or any Officer) or to the CFTC or the NFA (including any members of its staff), including on an application to become a Participant of the Company.

(l) No Participant and/or Authorized User may use its Trading Privileges or Clearing Privileges or access the Company or the Clearinghouse in any way which could be expected to bring disrepute upon such Participant or the Company or the Clearinghouse.

(m) No Participant shall engage in any act that is detrimental to the Company. It shall be deemed an act detrimental to the Company to permit unauthorized use of the Company, to assist any Person in obtaining unauthorized access to the Company, to interfere with the operation of the Company, to intercept or interfere with information provided thereby, or in any way to use the Company in a manner contrary to these Rules.

(n) Each Participant shall be responsible for establishing, maintaining and administering reasonable supervisory procedures to ensure that its Authorized Users comply with Applicable Law and the Rules, and shall be responsible for supervising its Authorized Users and may be held accountable for the actions of such Authorized Users.

(o) No Participant who is not an Entity shall trade for a person or Entity other than itself, and no Authorized User of a Participant that is an Entity shall trade for a person or Entity other than the Entity for whom that person is an Authorized User.

(p) Except in accordance with any policies or procedures for pre-execution discussion or pre-clearing discussion from time to time adopted by the Company, no Participant shall disclose to any Person any Order placed by any other Person, except to an Officer of the Company or a member of the staff of the CFTC, the BO, or the Department of Justice, respectively. No Participant shall solicit or induce another Participant to disclose Order information. No Person shall take action or direct another to take action based on non-public Order information, however acquired. The mere statement of opinions or indications of the price at which a market may open or resume trading does not constitute a violation of this Rule 6.1(p).

(q) No Participant 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 Company.

(r) All pre-negotiated or pre-arranged transactions that are not expressly

permitted by the Company are hereby prohibited.

(s) Additional Prohibited Trading Practices

In addition to the prohibitions set forth above, no Participant and/or Authorized User shall engage in abusive trading practices, including but not limited to the following:

1. Trading Ahead of Customer Orders. A Participant and/or Authorized User shall not trade for its own account while in possession of a customer order in a manner that disadvantages the customer.
2. Trading Against Customer Orders. A Participant and/or Authorized User in possession of a customer order shall not knowingly take the opposite side of such order for its own account or an account in which it has a direct or indirect financial interest.
3. Accommodation Trading. No Participant and/or Authorized User shall enter into any transaction for the purpose of assisting another Person in avoiding regulatory requirements or facilitating a prohibited trading practice.
4. Improper Cross Trading. No Participant and/or Authorized User shall execute or facilitate transactions between accounts under common ownership or control in a manner intended to create artificial trading activity or circumvent the Rules.
5. Money Passes. No Participant and/or Authorized User shall execute trades for the purpose of transferring funds between accounts without a legitimate trading purpose.
6. Front-Running. No Participant and/or Authorized User shall trade ahead of known customer orders or other material non-public order information for its own benefit.

These prohibitions are intended to prohibit abusive trading practices under Commission regulation §38.152.

Participants must comply with any position limits or position accountability levels established by the Exchange for Contracts traded on the Exchange. Such limits may be specified in the Contract terms and conditions or otherwise established by the Exchange to prevent excessive speculation, market manipulation, or disruptions to orderly trading.

If a Participant exceeds, or is reasonably expected to exceed, an applicable position limit or accountability level, the Exchange may require the Participant to reduce or liquidate positions, provide information regarding the position, or take other actions deemed necessary to maintain fair and orderly markets.

The Exchange may also impose trading restrictions, suspend trading privileges, require aggregation of related accounts, deny exemptions, or take disciplinary action pursuant to these Rules where a Participant fails to comply with applicable position limits or accountability levels.

CHAPTER VII
RULE ENFORCEMENT

7.1. Market Surveillance

The PredictCraft Mkt Inc. Platform 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 PredictCraft Mkt Inc. Platform. Such records shall be maintained in a readily available manner during the first two years. The Company shall conduct real-time, post-trade and retrospective market surveillance and trade practice surveillance using this data through automated surveillance systems and investigative review processes designed to identify potentially manipulative, disruptive, deceptive, abusive, fraudulent, improper, disorderly, or otherwise unusual trading activity and to support fair and orderly markets and shall also serve as a mechanism to monitor compliance with position limits, should the Exchange adopt such limits in the future. Such records shall include at a minimum: Order ID, timestamps, Expiry, price, quantity, Order type, User ID, execution information, and any other tag information for each electronic Order entered, modified or cancelled on the Exchange. The Company will initiate review and, where appropriate, investigate such unusual trading activity. The Company may apply enhanced surveillance measures during periods presenting elevated market integrity risk, including contract expiration periods, settlement windows, event resolution periods, significant announcements or developments relating to an underlying event or outcome, periods of unusual market activity, or other circumstances determined by the Exchange to warrant additional monitoring. The Company will also investigate any time it has other reason to believe that inappropriate activity of any sort is taking place.

Surveillance activities conducted by the Exchange may include analysis of trading activity across related accounts, Participants, Authorized Users, affiliated entities, or other persons acting in concert where necessary to detect potential violations of the Rules or other abusive or manipulative trading conduct.

In accordance with Rule 3.6(k) of the Rulebook, Participants and Authorized Users must maintain records of orders, trades, positions, and related communications concerning activity on the Exchange and must provide such records to the Exchange upon request to enable the Exchange to reconstruct trading activity and fulfill its regulatory obligations.

In addition to the recordkeeping obligations applicable to Participants under these Rules, the Exchange shall maintain complete and accurate records of all activities relating to the business of the Exchange as a designated contract market. Such records shall include, without limitation, records relating to trading activity, audit trail data, market surveillance activities, investigations, disciplinary proceedings, governance activities, and other business operations of the Exchange. The Exchange shall maintain such records in a form and manner acceptable to the Commodity Futures Trading Commission and in accordance with the requirements of the Commodity Exchange Act and applicable CFTC Regulations, including CFTC Regulation 1.31 and Part 38. The Exchange shall retain such records for a minimum period of five (5) years, with the first two (2) years readily accessible.

7.1.1 Disciplinary Authority

The Exchange maintains a disciplinary program designed to enforce compliance with the

Rules of the Exchange, the Commodity Exchange Act, and applicable Commission regulations. Where the Exchange identifies potential violations of the Rules through market surveillance, complaints, or other regulatory monitoring activities, the Exchange may initiate disciplinary proceedings in accordance with the procedures set forth in Chapter VII of these Rules.

Disciplinary proceedings may include the issuance of notices of charges, disciplinary hearings before a Disciplinary Panel, written decisions, and the imposition of sanctions. Sanctions may include fines, suspension or revocation of trading privileges, or other disciplinary measures authorized under these Rules.

The Exchange's disciplinary program is administered by the Market Surveillance and Compliance Department under the oversight of the Chief Regulatory Officer. Disciplinary proceedings will be conducted in accordance with the procedures set forth in Chapter VII of these Rules and will be carried out through fair and impartial procedures designed to ensure due process.

7.2. General

(a) All Participants and Authorized Users shall be subject to the Company's jurisdiction. All Participants and Authorized Users are subject to this Chapter 7 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 the Company possesses disciplinary jurisdiction.

(b) The Company will conduct inquiries, investigations, disciplinary proceedings, hearings and corresponding appeals; summary impositions of fines, summary suspensions or other summary actions in accordance with this Chapter 7.

(c) No member of the staff of the Company shall improperly interfere with or attempt to influence the process or outcome of any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action except in the performance of such individual's official duties when duly appointed to, and acting as a member of, the Regulatory Oversight Committee, Disciplinary Panel, or Appeals Committee. No Director shall improperly interfere with or attempt to influence the process or outcome of any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action unless such Director is serving as a duly appointed member of the Regulatory Oversight Committee or the relevant Disciplinary Panel or Appeals Committee and is acting within the scope of that role.

(d) Any Participant and/or Authorized User may be represented by counsel during any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary actions pursuant to this Chapter 7.

(e) Pursuant to this Chapter 7, the Company may hold:

(1) a Participant liable for, and impose sanctions against such Participant, for such Participant's own acts and omissions that constitute a violation;

(2) a Participant liable for, and impose sanctions against such Participant,

for the acts and omissions of each Authorized User authorized by, and each other agent or representative of, such Participant that constitute a violation as if such violation were that of the Participant;

(3) an Authorized User liable for, and impose sanctions against him or her, for such Authorized User's own acts and omissions that constitute a violation; and

(4) an Authorized User liable for, and impose sanctions against him or her, for the acts and omissions of each agent or representative of such Authorized User that constitute a violation as if such violation were that of the Authorized User.

7.3. Inquiries and Investigations

(a) The Market Surveillance and Compliance Department will investigate any matter within the Company's disciplinary jurisdiction that is brought to such department's attention, including but not limited to, possible violations of the Rules or manipulation of a Contract that is traded on the Company or cleared through the Clearinghouse. All such investigations must be completed within twelve (12) months of the date when the Market Surveillance and Compliance Department commenced its investigation unless there are mitigating factors that may reasonably justify an investigation taking longer than twelve (12) months, including the complexity of the investigation, the number of Participants or individuals involved as potential wrongdoers, the number of potential violations to be investigated, and the volume of documents and data to be examined and analyzed by the Market Surveillance and Compliance Department. The Market Surveillance and Compliance Department will determine the nature and scope of its inquiries and investigations within its sole discretion and will function independently of any commercial interests of the Company. For the avoidance of doubt, the Market Surveillance and Compliance Department conducts all inquiries and investigations independent of the Company's commercial interests, subject to oversight by the Chief Regulatory Officer.

(b) The Market Surveillance and Compliance Department has the authority to:

(1) initiate and conduct inquiries and investigations;

(2) prepare investigative reports and make recommendations concerning initiating disciplinary proceedings;

(3) prosecute alleged violations within the Company's disciplinary jurisdiction; and

(4) represent the Company on appeal from any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

(c) Each Participant and/or Authorized User:

(1) is obligated to appear and testify and respond in writing to interrogatories within the time period required by the Market Surveillance and Compliance Department in connection with: (i) any

Rule; (ii) any inquiry or investigation; or (iii) any preparation by and presentation during a disciplinary proceeding or appeal from a decision in a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action by the Company;

(2) is obligated to produce books, records, papers, documents or other tangible evidence in its, his or her possession, custody or control within the time period required by the Market Surveillance and Compliance Department in connection with: (i) any Rule; (ii) any inquiry or investigation; or (iii) any preparation by and presentation during a disciplinary proceeding or appeal from a decision in any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action by the Company; and

(3) may not impede or delay any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

(d) The Market Surveillance and Compliance Department will maintain a log of investigations and their disposition. The Market Surveillance and Compliance Department will prepare a written report of each investigation, regardless of whether the evidence gathered during any inquiry or investigation forms a reasonable basis to believe that a violation within the Company's jurisdiction has occurred or is about to occur or whether the evidence gathered results in closing the matter without further action or through summary action. Any written report of investigation will include the reasons for initiating the investigation (including a summary of the complaint, if any), all relevant facts and evidence gathered, and the recommendation of the Market Surveillance and Compliance Department. For each potential respondent, the Market Surveillance and Compliance Department will recommend either (i) closing the investigation without further action, (ii) summary action, (iii) resolving the investigation through an informal disposition, including the issuance of a warning letter or (i) initiating disciplinary proceedings. An informal disposition (including the issuance of a warning letter) will not constitute a finding of a violation or a sanction.

(e) The Chief Regulatory Officer will promptly review each completed investigation report to determine whether a reasonable basis exists to believe that a violation within the Company's jurisdiction has occurred or is about to occur. Such determination will be made by the Chief Regulatory Officer within twenty (20) Business Days of receipt of the applicable investigation report. If the Chief Regulatory Officer determines that additional investigation or evidence is needed to decide whether a reasonable basis exists to believe that a violation within the Company's jurisdiction has occurred or is about to occur, the Chief Regulatory Officer will direct the Market Surveillance and Compliance Department to conduct further investigation.

(f) After receiving completion of an investigation, the Chief Regulatory Officer will determine for each potential respondent whether to authorize:

(1) the commencement of disciplinary proceedings because a reasonable basis exists to believe that a violation within the Company's jurisdiction has occurred or is about to occur;

(2) the informal disposition of the investigation (by issuing a warning letter or otherwise) if the Chief Regulatory Officer determines that a violation of the Rules or any applicable Contract Rules may have occurred but that formal disciplinary proceedings are unwarranted; or

(3) the closing of the investigation without any action, and without the issuance of a warning letter, because disciplinary proceedings are not warranted and no reasonable basis exists to believe that a violation within the Company's jurisdiction has occurred or is about to occur.

7.4. Notice of Charges and Opportunity to Respond

(a) If the Chief Regulatory Officer authorizes disciplinary proceedings pursuant to Rule 7.3, the Market Surveillance and Compliance Department will prepare in accordance with this Rule 7.4 and serve in accordance with this Rule 7.4, a notice of charges within twenty (20) Business Days thereafter.

(b) A notice of charges will:

(1) state the acts, practices or conduct that the respondent is alleged to have engaged in;

(2) state the Rule or provision of Applicable Law alleged to have been violated or about to be violated;

(3) state the proposed sanctions, if any;

(4) advise the respondent of its right to submit a written statement explaining why a disciplinary proceeding should not be instituted or one or more of the potential charges should not be brought, which statement must be submitted within twenty (20) Business Days after service of the notice of charges;

(5) advise the respondent of its right to a hearing and its right to have counsel present;

(6) state the period of time within which the respondent can request a hearing on the notice of charges, in lieu of submitting a written statement pursuant to Rule 7.4(b)(iv), which will not be less than twenty (20) Business Days after service of the notice of charges;

(7) advise the respondent that any failure to request a hearing within the period stated, except for good cause, will be deemed to constitute a waiver of the right to a hearing; and

(8) advise the respondent that any allegation in the notice of charges that is not expressly denied will be deemed to be admitted.

(c) If the respondent submits a written statement pursuant to Rule 7.4(b)(iv),

the Chief Regulatory Officer shall, within twenty (20) Business Days after receipt of the written statement, advise the respondent:

(1) of the Chief Regulatory Officer's decision to drop any or all of the potential charges;

(2) that the disciplinary proceedings will proceed with respect to all remaining charges in accordance with the notice of charges delivered to the respondent; and/or, as appropriate

(3) that the respondent shall have five (5) Business Days to submit an answer to the notice of charges, as described in this Rule 7.4.

(d) If the respondent determines to answer a notice of charges, the respondent must file answers within five (5) Business Days after being served with such notice, or within such other time period determined appropriate by the Chief Regulatory Officer. To answer a notice of charges, the respondent must in writing:

(1) specify the allegations that the respondent denies or admits;

(2) specify the allegations that the respondent does not have sufficient information to either deny or admit;

(3) specify any specific facts that contradict the notice of charges; and

(4) specify any affirmative defenses to the notice of charges.

(e) Any failure by the respondent to timely serve an answer to a notice of charges will be deemed to be an admission to the allegations in such notice. Any failure by the respondent to answer one or more allegations in a notice of charges will be deemed to be an admission of that allegation or those allegations. Any allegation in a notice of charges that the respondent fails to expressly deny will be deemed to be admitted. A general denial by the respondent, without more, will not satisfy the requirements of paragraph (b) above.

(f) Any notice of charges or other documents contemplated to be served pursuant to this Chapter 7 may be served (and service shall be deemed complete) upon the respondent either personally or by (i) leaving the same at his or her place of business or by deposit in the United States mail, postage prepaid, via registered or certified mail addressed to the respondent at the address as it appears on the books and records of the Company, or (ii) sending the same via electronic mail to the e-mail address of the respondent as it appears on the books and records of the Company.

7.5. Settlements

(a) A respondent or potential respondent may at any time propose in writing an offer of settlement to anticipated or instituted disciplinary proceedings. Any offer of settlement should contain proposed findings and sanctions and be signed by the respondent or potential respondent and submitted to the Market Surveillance and Compliance Department. A respondent or potential respondent may offer to settle disciplinary proceedings without admitting or denying

the findings contained in the order of the disciplinary proceedings but must accept the jurisdiction of the Company over it and over the subject matter of the proceedings and consent to the entry of the findings and sanctions imposed.

(b) If a respondent or potential respondent submits an offer of settlement in accordance with paragraph (a) above, the Market Surveillance and Compliance Department will forward the offer to the Chief Regulatory Officer with a recommendation on whether to accept or reject the offer. If the Chief Regulatory Officer conditionally accepts an offer of settlement, the settlement will become final upon the expiration of twenty (20) Business Days after an order of the disciplinary proceedings consistent with the terms of the offer of settlement is served on the respondent.

(c) If an offer of settlement is accepted and the related order of disciplinary proceedings becomes final, the respondent's submission of the offer will be deemed to constitute a waiver of the right to notice, opportunity for a hearing and review and appeal under these Rules.

(d) If the offer of settlement of a respondent or potential respondent is not accepted, fails to become final or is withdrawn by the respondent or potential respondent, the matter will proceed as if the offer had not been made and the offer and all documents relating to it will not become part of the record. Neither a respondent or potential respondent nor the Market Surveillance and Compliance Department may use an unaccepted offer of settlement as an admission or in any other manner at a hearing of, or appeal from, disciplinary proceedings.

7.6. Disciplinary Panel

(a) A disciplinary panel consisting of three individuals selected by the Board of Directors (the "Disciplinary Panel"), will conduct hearings in connection with any disciplinary proceedings, and shall make findings and impose sanctions pursuant to this Chapter 7. The Disciplinary Panel shall be a standing panel and shall hear all disciplinary matters, subject to recusal or replacement as necessary to address conflicts of interest. No Disciplinary Panel shall be comprised in a manner such that any group or class of industry participants may reasonably be expected to dominate or exercise disproportionate influence on such panel. Each Disciplinary Panel shall consist of one (1) Public Director drawn from the Regulatory Oversight Committee, who shall serve as Chairman of the Disciplinary Panel, the Chief Executive Officer, and the Chief Operating Officer of the Exchange, all of whom shall have voting rights, provided that the Disciplinary Panel is constituted to ensure fair, independent, and impartial decision-making. For the avoidance of doubt, members of the Market Surveillance and Compliance Department and other regulatory staff involved in the investigation or prosecution of the matter shall not be eligible to serve on a Disciplinary Panel.

(b) Within ten (5) Business Days of being notified of the appointment of the Disciplinary Panel, a respondent may seek to disqualify any individual named to the Disciplinary Panel for any reasonable grounds, by serving written notice on the Chief Regulatory Officer. By not timely filing a request for disqualification, the respondent will be deemed to have waived any objection to the composition of a Disciplinary Panel. The Chief Regulatory Officer shall decide the merits of any request for disqualification within his or her sole discretion. Any such decision will be final and not subject to appeal.

(c) All disciplinary proceedings (except for summary impositions of fines

pursuant to Rule 7.13) will be conducted at a hearing before the Disciplinary Panel. A hearing will be conducted privately and confidentially unless the Disciplinary Panel decides that the hearing, or any part of it, should be held in public after giving each respondent the opportunity to present its, his, or her views on holding a public hearing. Notwithstanding the confidentiality of hearings, the Disciplinary Panel may appoint an expert to attend any hearing and assist in deliberations if such expert agrees to be subject to an appropriate confidentiality agreement.

(d) After reasonable notice to each respondent, the Disciplinary Panel will promptly (but in no event later than thirty (30) Business Days following such notice) convene a hearing to conduct the disciplinary proceedings with respect to such respondent. Parties to a disciplinary proceeding include each respondent and the Market Surveillance and Compliance Department.

(e) The Chairman of the Disciplinary Panel may continue, adjourn or otherwise conduct the hearing, as she/he deems appropriate. The Chairman shall jointly determine all procedural and evidentiary matters, including the admissibility and relevance of any evidence proffered. In determining procedural and evidentiary matters, the Chairman shall not be bound by formal rules of evidence or procedure. Once admitted during the hearing, the Disciplinary Panel may consider and determine the weight afforded to such evidence or other materials. The Company shall provide procedural guidance to the Chairman of the Disciplinary Panel on the conduct of the hearing.

(f) Except for procedural and evidentiary matters decided by the Chairman of the Disciplinary Panel pursuant to paragraph (e) above, unless each respondent otherwise consents, the entire Disciplinary Panel shall participate in all other determinations.

7.7. Respondent Review of Evidence

(a) Prior to the commencement of a hearing, each respondent will be given the opportunity to review all books, records, documents, papers, transcripts of testimony and other tangible evidence in the possession or under the control of the Company that the Market Surveillance and Compliance Department will use to support the allegations and proposed sanctions in the notice of charges or which the Chairman of the Disciplinary Panel deem relevant to the disciplinary proceedings. Notwithstanding the foregoing, no respondent will have the right to review, and the Company will have no obligation to disclose any information protected by attorney-client privilege or any other privileges recognized by Applicable Law.

(b) If any books, records, documents, papers, transcripts of testimony, or other tangible evidence contain information that could adversely affect the competitive position of the Person providing the information or if such information might compromise other investigations being conducted by the Market Surveillance and Compliance Department, the Market Surveillance and Compliance Department may redact, edit or code such information before furnishing it to the respondent.

(c) Notwithstanding anything in paragraph (b) above to the contrary, the Market Surveillance and Compliance Department:

(1) will not redact, edit or code competitive or investigative information contained in documents in a manner that would impair the respondent's

ability to defend against the allegations or proposed sanctions in the notices of charges, and

(2) will provide the respondent with access to the information and portions of the documents that the Market Surveillance and Compliance Department intends to rely on to support the allegations or proposed sanctions in the notice of charges.

(d) For purposes of this Rule 7.7, information that could adversely affect competitive positions include positions in Contracts currently held, trading strategies employed in establishing or liquidating positions, the identity of any Participant and/or Authorized User and the personal finances of the Person providing the information.

7.8. Hearings

(a) At a hearing conducted in connection with any disciplinary proceedings, the Market Surveillance and Compliance Department will present its case supporting the allegations and proposed sanctions in the notice of charges to the Disciplinary Panel. If a respondent has timely filed an answer to the notice of charges in accordance with Rule 7.4, the respondent is entitled to attend and participate in the hearing.

(b) At a hearing conducted in connection with any disciplinary proceedings, the Disciplinary Panel or the Market Surveillance and Compliance Department and each respondent may:

(1) present evidence and facts determined relevant and admissible by the Chairman of the Disciplinary Panel;

(2) call and examine witnesses; and

(3) cross-examine witnesses called by other parties.

(c) If the respondent fails to file an answer, has filed a general denial, or if any or all of the allegations in the notice of charges are not expressly denied in the respondent's answer, the Chairman of the Disciplinary Panel may limit evidence concerning any allegations not expressly denied in determining the sanctions to impose. If a respondent fails to file an answer but appears at the hearing, the respondent may not participate in the hearing (by calling or cross-examining witnesses, testifying in defense, presenting evidence concerning the notice of charges, or otherwise) unless the Disciplinary Panel determines that the respondent had a compelling reason for failing to timely file an answer. If the Disciplinary Panel determines that the respondent had a compelling reason for failing to timely file an answer, the Disciplinary Panel will adjourn the hearing and direct the respondent to promptly file a written answer in accordance with Rule 7.4.

(d) Any Person entitled, or required or called upon, to attend a hearing before a Disciplinary Panel pursuant to paragraph (b)(ii) above will be given reasonable notice, confirmed in writing, specifying the date, time and place of the hearing, and the caption of the disciplinary proceedings. The Company will require all Participants and Authorized Users that are called as witnesses to appear at the hearing and produce evidence. The Company will make reasonable efforts to secure the presence of all other Persons called as witnesses whose testimony would be relevant.

(e) If during any disciplinary proceedings the Disciplinary Panel determines that a reasonable basis exists to believe that the respondent violated or is about to violate a Rule or a provision of Applicable Law other than the violations alleged in the notice of charges, the Disciplinary Panel may consider those apparent violations after providing the respondent with an opportunity to answer the additional allegations in accordance with Rule 7.4. In connection with considering apparent violations pursuant to this paragraph (e), the Disciplinary Panel may request that the Market Surveillance and Compliance Department provide the Disciplinary Panel with any additional information.

(f) The Disciplinary Panel may summarily impose fines on any Participant and/or Authorized User that impede or delay the progress of a hearing.

(g) The Company will arrange for any hearing conducted in connection with disciplinary proceedings to be recorded hearing verbatim, or substantially verbatim, in a manner capable of accurate transcription. If the respondent requests a copy of all or portions of the recording of a hearing, the Chairman of the Disciplinary Panel may, in their sole discretion, order the respondent to pay the costs for transcribing the recording of the hearing.

(h) No interlocutory appeals of rulings of any Disciplinary Panel or the Chairman of the Disciplinary Panel are permitted.

7.9. Decision of Disciplinary Panel

(a) As promptly as reasonably practicable following a hearing, the Disciplinary Panel will issue an order rendering its decision based on the weight of the evidence contained in the record of the disciplinary proceedings. The decision of the Disciplinary Panel shall be a majority vote of its members. A decision by a majority of the Disciplinary Panel will constitute the decision of the Disciplinary Panel.

(b) The Company shall serve a copy of the order of the disciplinary proceedings on the respondent and the Market Surveillance and Compliance Department. The order shall include:

(1) the notice of charges or summary of the allegations;

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

(3) a brief summary of the evidence introduced at the hearing;

(4) findings of fact and conclusions concerning each allegation, including each specific Rule and provision of Applicable Law that the respondent is found to have violated;

(5) the imposition of sanctions, if any, and the effective date of each sanction; and

(6) notice of the respondent's right to appeal pursuant to Rule 7.12.

(c) Unless a timely notice of appeal is filed pursuant to Rule 7.12, the order of the disciplinary proceedings shall become final upon the expiration of five (5) Business Days after

the order is served on the respondent and a copy thereof is provided to the Market Surveillance and Compliance Department.

7.10. Sanctions

(a) After notice and opportunity for hearing in accordance with these Rules, the Company will impose sanctions if a Participant and/or Authorized User is found to have violated or to have attempted to violate a Rule or provision of Applicable Law for which the Company possesses disciplinary jurisdiction. The Company may impose one or more of the following sanctions or remedies: (i) warning letter; (ii) censure; (iii) limitation on Trading Privileges and/or Clearing Privileges, association with a Participant or other activities, functions or operations; (iv) suspension of Trading Privileges and/or Clearing Privileges or association with a Participant; (v) fine (subject to paragraph (b) below); (vi) restitution or disgorgement; (vii) termination of Trading Privileges and/or Clearing Privileges; or (viii) any other sanction or remedy deemed to be appropriate. All sanctions, including those imposed pursuant to an accepted settlement offer, shall take into account the respondent's disciplinary history and remediation efforts.

(b) The Company may impose a monetary penalty commensurate with the severity of the violation. If a fine or other amount is not paid within thirty (30) Business Days of the date that it becomes payable, then interest will accrue on the sum from the date that it became payable at the quoted prime rate plus three percent. The Company has sole discretion to select the bank on whose quotations to base the prime rate. Each Participant will be responsible for paying any fine or other amount imposed on, but not paid by, any Authorized User authorized by, or other agent or representative of, such Participant.

(c) No more than one (1) warning letters may be issued to the same Participant found to have committed the same rule violation within a rolling twelve (12) month period.

7.11. Costs

(a) Regardless of the outcome of any disciplinary proceeding, the Disciplinary Panel may order a respondent to pay some or all of the costs associated with the disciplinary proceedings that the Disciplinary Panel believes were unnecessarily caused by the respondent. Costs may include costs associated with the inquiry or investigation, the prosecution by the Market Surveillance and Compliance Department, legal and professional assistance, the hearing and administrative and other expenses incurred by the Disciplinary Panel.

(b) The Disciplinary Panel may only award costs against the Company if it concludes that the Company has behaved in a manifestly unreasonable manner in the commencement or conduct of the disciplinary proceedings in question. The Disciplinary Panel must limit any award of costs against the Company to an amount that it concludes is reasonable and appropriate, but does not exceed the respondent’s costs for external legal or other external professional assistance.

(c) The Disciplinary Panel may determine the amounts and allocation of costs in any manner it may deem appropriate. The Company or the respondent will pay any costs ordered to be paid by it by the Disciplinary Panel within thirty (30) Business Days of the later of either written notice of (i) the amount imposed by the Disciplinary Panel or (ii) the determination of an appeal by the Appeals Committee against the Disciplinary Panel’s determination.

7.12. Appeals Committee

(a) Each respondent found by the Disciplinary Panel to have violated a Rule of or a provision of Applicable Law or who is subject to any summary fine imposed pursuant to Rule 7.13 or any summary sanction imposed pursuant to Rule 7.14 may appeal the decision within twenty (20) Business Days of receiving the order of the disciplinary proceedings or the notice of summary action, as the case may be, by filing a notice of appeal with the Chief Regulatory Officer. While an appeal is pending, the effect of the order of disciplinary proceedings or the summary action (including any sanctions, remedies or costs imposed thereby) shall be suspended; *provided, however*, any summary sanction entered under Rule 7.14 shall continue in effect during the appeal.

(b) The notice of appeal must state in writing the grounds for appeal, including the findings of fact, conclusions or sanctions to which the respondent objects. An appellant may appeal the order of disciplinary proceedings or any summary decision on the grounds that:

(1) the decision was arbitrary, capricious, an abuse of discretion, or not in accordance with the Rules;

(2) the decision exceeded the authority or jurisdiction of the Disciplinary Panel, the Chief Regulatory Officer or the Company;

(3) the decision failed to observe required procedures;

(4) the decision was unsupported by the facts or evidence; or

(5) the imposed sanctions, remedies or costs are inappropriate or unsupported by the record.

(c) The Chief Regulatory Officer shall forward copies of any notice of appeals received by the Exchange to all parties to the disciplinary proceeding or summary action, as the case may be, except the Appeals Committee. On or before the twentieth (20^{th}) Business Day after filing a notice of appeal, the appellant must file a written brief supporting the notice of appeal, together with any supporting documents, with the Chief Regulatory Officer and must serve a copy of such brief and supporting documents on the Market Surveillance and Compliance Department. On or before the twentieth (20^{th}) Business Day after the date on which the appellant serves their supporting brief, the appellee must file and serve its brief in opposition. On or before the tenth (10^{th}) Business Day after the date on which the appellee serves its brief in opposition, the appellant must file and serve a brief in reply.

(d) In connection with any appeal, the Market Surveillance and Compliance Department will furnish to the Chief Regulatory Officer and to the respondent/appellant a transcript of the hearing, any exhibits introduced at the hearing, the notice of appeal and briefs filed to support and oppose the appeal.

(e) Within thirty (30) Business Days after the last submission filed pursuant to paragraph (c) above, the Chief Regulatory Officer shall appoint the Appeals Committee to consider and determine the appeal. The appeals committee shall consist of three (3) individuals, comprised of one (1) Public Director drawn from the Regulatory Oversight Committee, who shall serve as Chairman of the Appeals Committee, the Chief Technology Officer and one (1) independent staff

member, all of whom shall have voting rights. The Appeals Committee shall be constituted to ensure fair, independent, and impartial decision-making. Members of the Market Surveillance and Compliance Department of the Company and any other regulatory staff directly involved in the investigation or prosecution of the matter shall not be eligible to serve on the Appeals Committee. Any individual serving on the Appeals Committee shall recuse himself or herself from participation in any appeal in which such individual had direct and personal involvement in the investigation, prosecution, or adjudication of the specific disciplinary matter that is the subject of the appeal.

(f) The Appeals Committee may hold a hearing to allow parties to present oral arguments. Any hearing will be conducted privately and confidentially unless the Appeals Committee decides that the hearing, or any part of it, should be held in public after giving each appellant the opportunity to present their views on holding a public hearing. Notwithstanding the confidentiality of hearings, the Appeals Committee may appoint individuals to attend any hearing and assist in the deliberations if such individuals agree to be subject to appropriate confidentiality agreements. In determining procedural and evidentiary matters, the Appeals Committee shall not be bound by formal evidentiary or procedural rules or law.

(g) The Appeals Committee will only consider on appeal the record before the Disciplinary Panel or, in the case of a summary action, the record considered by the Chief Regulatory Officer or the Chief Regulatory Officer's designee, the notice of appeal, the briefs filed in support and opposition of the appeal, and any oral arguments of the parties. The Appeals Committee may only consider new evidence when the Appeals Committee is satisfied that good cause exists on why the evidence was not introduced during the disciplinary proceeding or when imposing the summary action.

(h) After completing its review, the Appeals Committee may affirm or, only if it finds that the decision of the Disciplinary Panel or the Chief Regulatory Officer that is under review, as the case may be, meets one of the criteria listed in Rule 7.12(i) below, modify or reverse any order of the disciplinary proceedings or summary action under appeal, in whole or in part, including increasing, decreasing or eliminating any sanction or remedy imposed, imposing any other sanction or remedy authorized by the Rules, or remanding the matter to the same or a different Disciplinary Panel for further disciplinary proceedings or for reconsideration by the Chief Regulatory Officer. The Appeals Committee may order a new hearing for good cause or if the Appeals Committee determines in its sole discretion that the appellant was not given a full and fair opportunity to make an argument in its favor and present supporting evidence.

(i) As described in Rule 7.12(h) above, the Appeals Committee may modify or reverse any order of the disciplinary proceedings or summary action under appeal only if it finds that the decision was:

(1) Arbitrary, capricious, or an abuse of the discretion of the Disciplinary Panel, the Chief Regulatory Officer, or the Chief Regulatory Officer's designee, as the case may be;

(2) In excess of the authority or jurisdiction of the Disciplinary Panel or the Chief Regulatory Officer, as the case may be; or

(3) Based on a clearly erroneous application or interpretation of the Rules.

(j) As promptly as reasonably practicable following its review, the Appeals Committee shall issue a written decision on appeal rendering its decision based on the weight of the evidence before the Appeals Committee.

The decision of the Appeals Committee will include a statement of findings of fact and conclusions for each finding, sanction, remedy and cost reviewed on appeal, including each specific Rule and provision of Applicable Law that the respondent is found to have violated, if any, and the imposition of sanctions, remedies and costs, if any, and the effective date of each sanction, remedy or cost.

(k) The Appeals Committee's written order on appeal (including findings of fact and conclusions and the imposition of sanctions, remedies and costs, and the effective date of any sanction, remedy cost) will be the final action of the Company and will not be subject to appeal within the Company.

(l) Within five (5) Business Days of being notified of the appointment of the Appeals Committee, a respondent may seek to disqualify any individual named to the Appeals Committee for the reasons identified in this Rule 7.12 or for any other reasonable grounds, by serving written notice on the Chief Regulatory Officer. By not timely filing a request for disqualification, the respondent will be deemed to have waived any objection to the composition of an Appeals Committee. The Chief Regulatory Officer will decide the merits of any request for disqualification within his or her sole discretion. Any such decision will be final and not subject to appeal.

7.13. Summary Imposition of Fines

(a) The Chief Regulatory Officer may summarily impose a fine against a Participant and/or Authorized User for failing:

(1) to make timely payments of margin, options premiums, fees, cost, charges or fines to the Company or the Clearinghouse;

(2) to make timely and accurate submissions to the Company or Clearinghouse of notices, reports or other information required by the Rules; and

(3) to keep any books and records required by the Rules.

(b) The Market Surveillance and Compliance Department, acting on behalf of the Chief Regulatory Officer, will give notice of any fine imposed pursuant to this Rule 7.13 to each Participant and/or Authorized User subject thereto. The notice will specify (i) the violations of the Rules for which the fine is being imposed, (ii) the date of the violation for which the fine is being imposed and (iii) the amount of the fine. Within twenty (20) Business Days of serving the notice of fine, the Participant and/or Authorized User, as the case may be, must either pay the fine or file notice of an appeal pursuant to Rule 7.12. Unless timely notice of appeal is filed pursuant to Rule 7.12, the fine will become final upon the expiration of twenty (20) Business Days after the notice of fine is served on the Participant and/or Authorized User, as the case may be.

(c) The Company, in its sole discretion, may deduct the amount of any fine

imposed pursuant to Rule 7.13(b) directly from the Participant's Account; *provided* that the Company may not make such a deduction if the result would be to cause an event of default with respect to any Open Contract Positions then held in the Account of such Participant.

(d) The Company will set the amount of any fines imposed pursuant to this Rule 7.13, with the maximum fine for each violation not to exceed $3,000,000. Summary imposition of fines pursuant to this Rule 7.13 will not preclude the Company from bringing any other action against the Participant and/or Authorized User, as the case may be.

7.14. Summary Suspensions and Other Summary Actions

(a) Notwithstanding anything in the Rules to the contrary, the Chief Regulatory Officer or the Chief Regulatory Officer's designee, upon a good faith determination that there are substantial reasons to believe that such immediate action is necessary to protect the public or the best interests of the Company, may order that any party be denied access to the Company and/or the Clearinghouse, or summarily limit, condition, restrict or qualify the Trading Privileges and/or the Clearing Privileges of a Participant and/or Authorized User, and may take other summary action against any Participant and/or Authorized User in accordance with the Rules; *provided, however*, that the Chief Regulatory Officer or the Chief Regulatory Officer's designee in issuing an order denying access, may permit such party to enter Orders solely for the purpose of liquidating the Open Contract Positions of such Participant while the applicable suspension, limitation, condition, restriction or qualification of access is in effect.

(b) Promptly after an order is issued pursuant to paragraph (a), the party shall be informed of the action taken, the reasons for the action, the effective date and the duration of the action. The party shall also be informed of his or her right to appeal the action under Rule 7.12. Whenever practicable, the Market Surveillance and Compliance Department, acting on behalf of the Chief Regulatory Officer, shall provide such notice prior to taking the action.

(c) Unless timely notice of appeal is filed pursuant to Rule 7.12, the summary action will become final upon the expiration of twenty (20) Business Days after the notice of action is served on the respondent.

(d) At the request of the Company or the Clearinghouse, a respondent against whom a summary action is brought pursuant to Rule 7.14 must provide books and records over which the respondent has access or control and must furnish information to, or appear or testify before, the Company or the Clearinghouse in connection with the enforcement of any Rule.

(e) A respondent whose Trading Privileges and/or Clearing Privileges are suspended, limited, conditioned, restricted or qualified pursuant to this 7.14 may apply for reinstatement by filing with the Market Surveillance and Compliance Department a written request stating the applicant's reasons for seeking reinstatement. the Company will not consider a respondent's request for reinstatement if the respondent (i) persists in the conduct which was the subject of the order denying access; (ii) owes any fines, fees, charges or costs to the Company, (iii) continues to fail to appear at disciplinary proceedings without good cause or (iv) continues to impede the progress of disciplinary proceedings.

(f) Within a reasonable period after the filing of a request for reinstatement, the Appeals Committee will conduct a hearing to consider the request. At the hearing for

reinstatement, the respondent will present its, his or her case supporting the reinstatement and the Market Surveillance and Compliance Department, acting on behalf of the Chief Regulatory Officer may, in its discretion, present its case opposing or supporting the reinstatement and each may present relevant and admissible evidence and facts and call, examine and cross-examine witnesses. At the hearing for reinstatement, the Company may require any Participant or any Authorized User to appear as witnesses and produce evidence if the Appeals Committee determines that the evidence is relevant.

(g) As promptly as reasonably possible after a reinstatement hearing, the Appeals Committee will issue an order reinstating, denying the reinstatement, or placing conditions on the reinstatement of the Trading Privileges and/or the Clearing Privileges, or association with a Participant, of the respondent. The order will include a brief summary of the evidence introduced at the reinstatement hearing; and, if applicable, findings of fact and conclusions not contained in the Appeals Committee's initial order issued pursuant to Rule 7.14(d) above. The Appeals Committee's order may not be appealed.

(h) Any decision to deny access pursuant to paragraph (a) shall not remain in effect for more than sixty (60) Business Days unless the Chief Regulatory Officer or the Chief Regulatory Officer's designee, upon further consideration of the circumstances giving rise to the order denying access, issues a separate order denying access for an additional period of time, not to exceed sixty (60) Business Days. The party must be notified thereof prior to issuance of the second order, unless prior notice is impracticable. Such notice must meet the standards provided in paragraph (b). At any time, a party subject to an action under this Rule 7.14, may petition the Chief Regulatory Officer or the Chief Regulatory Officer's designee to reconsider an access denial pursuant to this Rule based upon materially changed circumstances. Any such extension shall be based on a continuing good-faith determination that the summary action remains necessary to protect the public or the best interests of the Company.

(i) When the Trading Privileges and/or Clearing Privileges of a Participant are, or the association of an Authorized User with a Participant is, suspended for a period of 12 months or less, none of its rights and Trading Privileges and/or Clearing Privileges (including the right to hold oneself out to the public as a Participant, enter Orders and receive Participant rates for fees, costs, and charges and deposit margin at Participant levels) will apply during the period of the suspension, except for the right of the Participant and/or Authorized User in question to assert claims against others as provided in the Rules. Any such suspension will not relieve the Participant and/or Authorized User in question of its, his or her obligations under the Rules to perform any Contracts entered into before the suspension, or for any the Company imposed fees, costs, or charges incurred during the suspension. the Company may discipline a suspended Participant and/or Authorized User under this Chapter 7 for any violation of a Rule or provision of Applicable Law committed by the Participant before, during or after the suspension.

(j) When the Trading Privileges and/or Clearing Privileges of a Participant are, or the association of an Authorized User with a Participant is, terminated, all of either or both of their rights and Trading Privileges and/or Clearing Privileges will terminate, except for the right of the Participant and/or Authorized User in question to assert claims against others, as provided in the Rules. A terminated Participant and/or Authorized User may only seek to reinstate its Trading Privileges and/or Clearing Privileges by applying for Trading Privileges and/or Clearing Privileges pursuant to Chapter 3. the Company will not consider the application of a terminated

Participant and/or Authorized User if such Participant and/or Authorized User, as the case may be, continues to fail to appear at disciplinary proceedings without good cause or continues to impede the progress of disciplinary proceedings.

(k) A suspended or terminated Participant and/or Authorized User remains subject to the Rules and the jurisdiction of the Company for acts and omissions prior to the suspension of termination, and must cooperate in any inquiry, investigation, disciplinary proceeding, appeal of disciplinary proceedings, summary suspension or other summary action as if the suspended or terminated Participant or an Authorized User still had Trading Privileges and/or Clearing Privileges or was still associated with a Participant, as the case may be.

7.15. Publication of Disciplinary Action

(a) Within two (2) Business Days after a disciplinary action becomes final, the Company shall publish notice of such disciplinary action on its website in accordance with CFTC Regulation 9.13 and shall include the information required under CFTC Regulation 9.11.

(b) The disciplinary action shall be considered final on the date the notice of such action is published on the Company website.

CHAPTER VIII

DISPUTE RESOLUTION

8.1. General

(a) Any dispute, controversy or claim related to transactions executed and cleared through the PredictCraft Mkt Inc. Platform, or otherwise related to participation on the PredictCraft Studios Inc. Platform shall be resolved and settled through binding arbitration in the State of New York. If the parties are able to agree on an arbitrator, the arbitration shall be conducted by a single arbitrator. If the parties are unable to agree on an arbitrator, each party shall select an arbitrator and the two arbitrators shall select a third arbitrator. Any arbitrator selected in connection with such arbitration must qualify as a Public Director (if the individual is a director of the Company) and must have reasonable prior experience in the operation and regulation of exchanges and clearinghouses providing execution and clearing services in connection with commodity futures contracts, commodity options or swaps, and with respect to the rules of the CFTC and exchanges and clearinghouses generally. The arbitrator(s) shall determine the procedures for any arbitration held under this Rule 8.1, and shall, to the extent practicable, rely on applicable provisions of Chapter 7 with respect to such procedures, including but not limited to in connection with discovery by the parties, submission of documents and a hearing, *provided* that the arbitrator(s) shall have the authority to determine the appropriate procedures, notwithstanding the provisions of Chapter 7. The arbitrator(s) shall have the authority to award any remedy or relief that a court of competent jurisdiction could order or grant, including the issuance of an injunction. The fees and expenses of such arbitration shall be borne by the non-prevailing party, as determined by such arbitration. This provision shall not be construed in any way as creating a cause of action.

(b) Any failure on the part of any Participant and/or Authorized User to arbitrate a case subject to arbitration, or the commencement by any such Person of a suit in any

court prior to arbitrating a case subject to arbitration, violates the Rules and subjects such Participant and/or Authorized User to disciplinary proceedings pursuant to Chapter 7, unless the parties mutually agree not to submit their dispute to arbitration.

(c) The Company may summarily suspend, pursuant to Chapter 7, a Participant and/or Authorized User that fails to satisfy an arbitration award rendered in any arbitration pursuant to this Chapter 8.

CHAPTER IX
CONTRACT RULES

9.1. Contract Specifications

Each Contract will meet such specifications, and all trading in such Contract will be subject to such procedures and requirements, as set forth in the rules governing such Contract. In addition, each Contract listed by the Exchange shall comply with CEA 5(d)(2)(A)(II) and CFTC Regulation 38.150 (a)(2) and 38.400.

9.2. Contract Modifications

The specifications for, and the procedures and requirements for trading, any Contract may not be modified in any respect without the prior approval of the Company.

9.3. Contract Listing and Certification

The Exchange will list only those Contracts that are not readily susceptible to manipulation. Prior to listing any Contract for trading, the Exchange will conduct an evaluation of the Contract's terms and conditions and the underlying reference data to ensure compliance with the Commodity Exchange Act and applicable CFTC Regulations.

In conducting this evaluation, the Exchange will follow the guidance contained in Appendix C to Part 38 of the Commission's regulations – Demonstration of Compliance that a Contract is Not Readily Susceptible to Manipulation.

The Exchange will certify each Contract prior to listing in accordance with Part 40 of the Commission's regulations, including submission of the Contract's terms and conditions and supporting documentation to the Commission.

The Exchange will not list any Contract for trading until the applicable requirements under Part 40 of the Commission's regulations have been satisfied.

9.4. The Market Outcome Review Process

(a) To the extent required, before settlement, the Exchange may initiate a Market Outcome Review Process, at its sole discretion, taking into account any circumstances that may materially impact the reliability or transparency of any underlying or reference market related to a 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 teview process is initiated, the Exchange 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 24 hour period after the Outcome Review Process is initiated.

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