



Fenics | FX

OPERATING POLICIES

OPERATING POLICIES AND PROCEDURES ("OPPs") FENICS FX, LLC ("Provider")

1) Applicable Agreements

Provider operates an electronic trade matching platform (the "**Platform**") that is designed to enable users to enter into spot foreign exchange transactions (by its terms are required to settle via an actual delivery of the relevant currencies within two business days) with other users of the Platform, each of which must have, or be, a prime broker (each, an "**FX Transaction**"). Prior to being provided access to the Platform, each client ("**Client**") must have executed a client agreement with Provider ("**Client Agreement**"), each prime broker ("**Prime Broker**") must have executed a Participating Financial Institution Agreement with Provider ("**PFIA**"), and each Client and Prime Broker must have executed an electronic access and trading agreement with BGC Technology Markets, L.P. ("**ESA**") or an applicable electronic trading agreement with an affiliate (existing now and from time-to-time) of the Provider. Service or system as defined in the ESA includes the Platform. Client's and Prime Broker's access to and use of the Platform are expressly subject to its compliance with the terms of this Client Agreement, the ESA and the OPPs.

These OPPs shall survive the termination of Prime Broker's or Client's access to the Platform.

2) Obligations and Acknowledgements

- (a) Any Prime Broker acting in such capacity in respect of the Platform shall:
 - (i) keep the identities of all Clients, whether or not it is a Prime Broker for such Client, confidential. The identity of a Client, and all trading activity, and any details related thereto, shall not be disclosed, or otherwise provided, to or made available to any other party (other than a regulatory/self-regulatory authority with jurisdiction of such Prime Broker). The "identity of a Client" means any information enabling a reasonably knowledgeable market participant to identify the Client. Relevant information includes, but is not limited to, the Client's trading activities and/or style;
 - (ii) clear and settle all FX Transactions without naming the Client or using a pneumatic or other code name; and
 - (iii) ensure that no trade details for any FX Transaction executed by a Client of the Prime Broker, including, without limitation, the identity of the Client, be made available to any area of the Prime Broker other than its operations area.
- (b) Client shall not determine or attempt to determine the identity or trading strategies of any counterparty prime brokers or other users accessing and/or trading on the Platform.

- (c) Client agrees to maintain and retain records of its transactions in accordance with applicable law, rule, or regulation and to furnish such records to Provider upon its reasonable request. Client shall be solely responsible for determining the suitability of all orders, trades and instructions submitted on the Platform.
- (d) If Client utilizes a Prime Broker to trade on the Platform,
 - (i) Client must execute a separately negotiated agreement or arrangement between Client and its Prime Broker, which Prime Broker may authorize Client to execute transactions on the Platform in the name of such Prime Broker;
 - (ii) all FX Transactions shall be deemed to be a transaction governed by the relevant prime brokerage agreement between Client and its Prime Broker; and
 - (iii) its Prime Broker has the right to restrict Client's access to, or to impose limits on or suspend Client's trading on the Platform, either generally or, in respect of specific currency pairs. Any of the foregoing actions taken by its Prime Broker shall continue for such time as Prime Broker reasonably determines to be necessary or desirable. If Client does not utilize a Prime Broker to trade on the Platform, all FX Transactions shall be deemed to be a transaction governed by the relevant trading documentation (if any) between Client and the applicable Prime Broker or third-party user. In no event shall the Provider be deemed to be counterparty to any FX Transaction
- (e) Prime Broker and Client each acknowledge and agree that:
 - (i) Provider shall not, directly or indirectly, be a principal or counterparty to any transaction or be responsible for or otherwise guarantee the performance of any FX Transaction entered into by Client;
 - (ii) it may not and it shall not proceed against Provider and/or its affiliates (existing now and from time-to-time) to collect or recover any amounts owed to it or to enforce any of its rights in connection with, or as a result of, any such FX Transaction(s);
 - (iii) FX Transactions shall not be subject to revocation by Prime Broker or the Client;
 - (iv) a Provider affiliate (existing now and from time-to-time) could be a counterparty to any transaction;
 - (v) use of the Platform shall not give rise to any fiduciary or equitable duties on the part of Provider; (vi) Provider may receive fees from more than one prime broker and/or other third party(ies) in respect of any particular FX Transaction; and
 - (vii) there are substantial risks associated with foreign exchange markets and currency trading transactions.

3) **Manifest error: Off-Market FX Transactions**

In accordance with its desire to maintain a fair and orderly trading environment, an FX Transaction may be cancelled in accordance with industry best practices and the following procedures in respect of trades which are "inconsistent" with the market price of the trade (i.e., such trades are "**Off-Market**").

- (a) Upon receipt of a Request, as defined below (see the "**Off-Market Review Request**" procedures in Section 3(d) below) to review an FX Transaction, Provider shall verify whether the FX Transaction in question was executed at a price level which is Off-Market.
- (b) To be "inconsistent" with the market value, the FX Transaction price must have been executed at a price that is plus/minus more than 0.15% away from the prevailing market rate for the subject currency pair as determined by Provider in accordance with industry best practice. Notwithstanding the foregoing, Provider reserves the right to change the foregoing percentage rate in its sole discretion on a case-by-case basis.
- (c) If Provider's calculation in accordance with paragraph (b) immediately above shows that the FX Transaction is Off-Market, then Provider will promptly take such steps as are necessary to cancel the FX Transaction (market conditions permitting), without recourse to Provider, including, without limitation, notifying both Prime Brokers. Provider bears no liability or responsibility for cancellation of FX Transactions in accordance with these procedures. If the calculation shows that the FX Transaction is not Off-Market, then it will stand and both Prime Brokers shall take such steps as are necessary to fulfill their settlement obligations.
- (d) **Off-Market Review Request.** A Client must provide a request for review of an FX Transaction (a "**Request**") no later than 15 minutes after execution of the FX Transaction. Requests received more than 15 minutes after the execution of the FX Transaction may be reviewed in Provider's discretion; however, Provider reserves the right to decline to review any Request that fails to satisfy the required notification process. After receiving a Request, Provider will promptly issue an alert to all relevant (as determined by Provider in its sole discretion) Clients on the Platform indicating that the FX Transaction is under review. Provider may, in certain circumstances, extend the time for making the Request where the Client was unable to send the Request to Provider, for example, due to circumstances beyond its reasonable control. However, a Client being "off the desk" is not a circumstance deemed to be beyond the control of the Client.

(e) Sending a Request. All Requests must be submitted:

(i) in writing via email, to liquidity@fenicsfx.com, shall include a copy of the email to the Prime Broker, and shall include the following information:

- (A) time of order entry;
- (B) time of execution;
- (C) currency pair;
- (D) notional trade value;
- (E) price;
- (F) side (buy/sell); and
- (G) basis for believing that the trade is outside the Market Range.

(ii) A Request requiring expedited review may be initiated by calling Client Services 646-344-6090, but must be followed up with an email in the manner described immediately above.

(iii) Upon receiving a Request from a Client, Provider, in its sole discretion, shall determine whether an FX Transaction was Off-Market. In addition to reviewing the FX Transaction in respect of the "normal market" during the period in question, Provider may gather relevant information about the FX Transaction and market conditions by speaking with the Clients to the FX Transaction and other market participants who were not involved in the FX Transaction. Upon conclusion of its review, Provider will contact the Client counterparties to the FX Transaction as soon as practicable to notify them of its determination, but typically within one hour. Provider will provide oral and email notification of its determination to the Clients, as well as each Client's Prime Broker, involved in the FX Transaction under review.

(f) Resolution of Off-Market FX Transactions. Provider will use reasonable efforts to assist the parties in arriving at a mutually acceptable resolution. Provider may provide relevant data to each counterparty and use reasonable efforts to maintain their anonymity while facilitating a mutually acceptable resolution. Provider reserves the right to make a final determination and impose a resolution on an Off-Market FX Transaction, in its sole discretion.

4) FX Transactions

The Client and the Prime Broker shall only use the Platform for bona fide spot foreign exchange transactions, and shall not permit transactions in swaps (such as a "roll"), as defined by the Commodity Futures Trading Commission. Only those Prime Brokers that have the capability to settle FX Transactions through physical delivery will be permitted to use the Platform, whether for itself or another Client. Netting may be permitted provided it has effected in accordance with a pre-negotiated netting agreement.

5) Firm and Non-Firm Liquidity

Clients have the ability to post firm and non-firm quotes to the Platform and to view and interact with both firm and non-firm liquidity through the Platform.

- (a) A quote that is executable against an incoming order without any further action is deemed a "firm quote".
- (b) On the other hand, a quote whereby the Client posting such quote has the ability to either accept or decline an incoming order (within certain parameters determined by Provider) prior to its execution against such bid or offer is deemed a "non-firm quote". This enables such Client to identify whether a trade request is made at a price that is within a defined price range. Some market participants colloquially refer to a non-firm quote as one that is subject to a "last look".
- (c) Upon request, Provider will provide a summary, of certain statistics (e.g., "fill" or "rejection" rates) relating to the Client's trading activity with a counterparty(ies), all on an anonymized and/or aggregated basis.

6) Hours of Operation

The Platform is designed to be available from Sunday at 5pm through Friday at 5pm, except on New Year's Day and Christmas Day.

These OPPs are effective automatically upon being delivered to Client/Prime Broker without further notice to such Client/Prime Broker. Provider may, from time to time, by notice in writing to Client/Prime Broker, modify these OPPs, which notified modifications shall bind Client/Prime Broker from the date of such notice or the effective date specified therein.