



**Fenics | FX**

# **OPERATING POLICIES AND PROCEDURES**

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

Provider operates one or more separate and discrete electronic trade matching venues (collectively, the "**Platform**") that is designed to enable certain users to enter into spot foreign exchange or bullion transactions (which, in each case, by their terms are required to settle via an actual delivery of the relevant currencies and/or bullion within two business days) with certain other users of the Platform (each, an "**FX Transaction**").

### 1) Applicable Agreements

- (a) Prior to being provided access to the Platform, each:
  - (i) user effecting FX Transactions ("**Client**"), must have executed a client agreement with Provider ("**Client Agreement**"), whether trading in the name of a prime broker (price taker), for its own account as principal (liquidity provider), or on behalf of one or more third-party Clients (prime-of-prime users);
  - (ii) financial institution acting as a prime broker ("**Prime Broker**") must have executed a Participating Financial Institution Agreement with Provider ("**PFIA**"); and
  - (iii) Client and Prime Broker must have executed an electronic access and trading agreement with BGC Technology Markets, L.P. or an applicable electronic trading agreement with an affiliate (existing now and from time-to-time) of the Provider ("**ESA**").
- (b) Service or system as defined in the ESA includes the Platform. Each Client's and Prime Broker's access to and use of the Platform are expressly subject to its compliance with the terms of these OPPs, the relevant ESA and applicable Client Agreement or PFIA. These OPPs shall survive the termination of Client's or Prime Broker'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 over such Prime Broker). The "identity of a Client" means any information enabling a reasonably knowledgeable market participant to identify the relevant Client, including, but 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 or on behalf of a Client, including, without limitation, the identity of the Client, be made available to any area of the Prime Broker other than its prime brokerage 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, Client acknowledges that: (i) it must execute a separately negotiated prime brokerage agreement, or similar arrangement, with its Prime Broker(s) whereby Client is authorized to execute transactions on the Platform in the name of such Prime Broker(s); and (ii) 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 or bullion pairs.
  - (e) Each Client and Prime Broker 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 or modification by Client or Prime Broker; (iv) a Provider affiliate (existing now and from time-to-time) could be a counterparty to any transaction; (v) its 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; (vii) there are substantial risks associated with currency and bullion transactions and foreign exchange markets; and (viii) that each separate and discrete electronic trade matching venue that constitutes the Platform requires separate Access Methods (as described in the ESA) and provides separate and distinct pools of liquidity.
- 3) Trade Review Policy.** In accordance with its desire to maintain a fair and orderly trading environment, Provider may review FX Transactions executed at prices inconsistent with prevailing market rates.
- (a) Reviewable Trades. In general, an FX Transaction executed at a price that is at least 0.15% away from the prevailing market price for the subject currency (or bullion) pair will be deemed to be inconsistent with prevailing market rates (a "**Potentially Off-Market Transaction**"). Such prevailing market price will be determined by Provider, in its discretion, by reference to readily available data concerning similarly sized orders and transactions in the subject currency (or bullion) at the time of execution. Provider reserves the right to review any FX Transaction; however, Provider is not under any obligation to review any trade and shall have no liability for failing to do so.
  - (b) Requests. If a Client believes it has executed a Potentially Off-Market Transaction it may ask Provider to review such trade (a "**Request**"). Each Request will be considered on a case-by-case basis and in the sole discretion of Provider. Expedited reviews may be initiated by calling client services (646-344-6090), however, each Request must, at a minimum:

- (i) Be submitted via email to [liquidity@fenicsfx.com](mailto:liquidity@fenicsfx.com), with its Prime Broker (if any) copied, within 25 minutes of the execution of the FX Transaction in question; and
- (ii) Contain, at a minimum, the following information: time of order entry and execution, currency pair (or bullion type, if applicable), notional trade value, price, side (buy/sell), and Client's basis for believing the trade is off-market.

Provider reserves the right to decline to review any Request failing to satisfy the foregoing requirements; however, Provider may, in its sole discretion, review any such Request, including in instances where Client was unable to comply with such minimum requirements due to circumstances beyond its reasonable control. Upon receipt of a Request, Provider will verify whether the FX Transaction in question qualifies as a Potentially Off-Market Transaction.

- (c) Reviews. As promptly as practicable after initiating the review of an FX Transaction, Provider will alert each party to the FX Transaction in question; informing them such trade is under review. During the course of a review, Provider may gather additional information regarding such FX Transaction and market conditions at the time of execution. Such information may include, without limitation, feedback from the parties to the FX Transaction and pricing from market participants not involved in the trade.
- (d) Resolution. Provider will use good faith efforts to assist the parties to an FX Transaction under review in arriving at a mutually acceptable resolution as promptly as practicable under the circumstances, however, Provider reserves the right to make a final determination and impose a resolution in its sole discretion. Provider may provide relevant data to the applicable parties and will use reasonable efforts to maintain their anonymity during the review and resolution process. Possible resolutions include, without limitation, each party settling the FX Transaction as executed, modifying one or more of its terms, or voiding such trade.

Provider will contact the relevant parties as promptly as practicable to notify them of its determination, typically within one hour of execution. Provider shall bear no liability for the failure of any parties to an FX Transaction under review to reach a mutually acceptable resolution.

- 4) **FX Transactions**. Each Client and Prime Broker shall only use the Platform for bona fide spot foreign exchange transactions and bullion transactions, and shall not permit transactions in swaps (such as a "roll"), as defined by the Commodity Futures Trading Commission. Only those users that have the capability to settle FX Transactions through physical delivery will be permitted to use the Platform. 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.
- 5) **Hours of Operation.** The Platform is designed to be available from Sunday at 5pm EST through Friday at 5pm EST, 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.***