

COMPOSITION FINES SCHEDULE - CDP CLEARING RULES

Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by CDP, where CDP has Determined the Clearing Member to be Liable			Mandatory minimum penalty imposable by the DC
Rule Chapter/Number	Brief Description of Rule		1st Violation	2nd Violation	3rd Violation	
3.5.1(13)	Clearing Member to take such steps, including without limitation procedural steps (whether of a technical or non-technical nature or otherwise), as CDP may require to ensure the orderly clearing and settlement of Exchange Trades qualified by the Clearing Member.	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A
5A.1.1	Clearing Member to maintain separate Position Accounts for each Customer or each group of joint Customers whose account is carried on the books of the Clearing Member.	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A
5A.1.2	Clearing Member to identify and designate each Position Account by the full name of the Customer(s) whose account is carried on the books of the Clearing Member and by a unique account code.	Compoundable	\$500	\$1,000	\$2,000	N.A
5A.2.1	Clearing Member to report to CDP such information as CDP may require for each Position Account as soon as practicable.	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A
5A.2.2	Clearing Member to report to CDP any change in information previously reported to CDP for any Position Account as soon as practicable.	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A
5A.3.1	Clearing member to allocate positions of each trade cleared by the Clearing Member for a Customer to that Customer's Position Account or in accordance with that Customer's instructions as soon as practicable.	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A

5A.3.2	Clearing Member to ensure conditions set out in Rules 5A.3.2(a) or (b) are satisfied in the case of any sub-allocation of positions from a Customer's Position Account to another Position Account.	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A
5A.3.4	Clearing Member to ensure that no trades are warehoused for more than 2 Market Days, unless under exceptional circumstances, where the Clearing Member must document the reasons for th extension of time.	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A
5A.4.2	Clearing Member who authorizes the Authorized Trading Member under Rule 5A.4.1(a) shall ensure that the Authorized Trading Member performs the obligations under Rules 5A.1 and 5A.2, as they apply to the Authorized Trading Member in respect of each Authorized Account.	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A
5A.4.3	The Clearing Member who authorizes the Authorized Trading Member under Rule 5A.4.1(b) shall ensure that the Authorized Trading Member performs the obligations under Rules 5A.1, 5A.2, 5A.3 and 5A.6, as they apply to the Authorized Trading Member in respect of each Authorized Account.	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A
5A.4.4(a)	Clearing Member to give not less than 30 days' written notice to CDP of its intention to cease authorizing that Authorized Trading Member and the proposed date of cessation.	Compoundable	\$500	\$1,000	\$2,000	N.A
5A.4.4(b)	Clearing Member to satisfy CDP that it has taken, or will take, proper steps for the orderly clearing and settlement of the Authorized Trading Member's Exchange Trades.	Compoundable	\$2,000 – \$4,000	\$4,000 – \$7,000	\$7,000 – \$10,000	N.A

<u>5A.4.4(c)</u>	<u>Clearing member to comply with any reasonable direction of CDP in relation to the orderly cessation of the authorization of the Authorized Trading Member</u>	<u>Not compoundable</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	<u>\$10,000</u>
<u>5A.5.1</u>	<u>Clearing Member is to identify or make available to CDP the identity of any underlying beneficial owner and/or any controlling party of a Position Account, upon request by CDP within such time as CDP may require.</u>	<u>Not compoundable</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	<u>\$10,000</u>
<u>5A.6.1</u>	<u>Clearing Member to ensure that positions in each Position Account maintained with CDP are accurate, and to rectify any discrepancy immediately.</u>	<u>Compoundable</u>	<u>\$2,000 – \$4,000</u>	<u>\$4,000 – \$7,000</u>	<u>\$7,000 – \$10,000</u>	<u>N.A</u>