

MARKET REGULATION ADVISORY NOTICE

From	<i>NEX SEF Limited (“NEX SEF”)</i>
To	<i>All EBS NDF Platform Participants</i>
Subject	<i>Audit Trail Review Process and Violations</i>
Rule References	<i>201(b)(3), 203(a), 208, 210(f)(1) and 302, 309(d), 516</i>
Effective Date	<i>February 24, 2021</i>
Notice Date	<i>February 9, 2021</i>
Notice Number	<i>2020-04</i>

NEX SEF | Audit Trail Review Process and Violations

Overview

It is important to NEX SEF that all Participants have a rewarding experience on the NEX SEF Platform. It benefits market participants to better understand the rules set out in the NEX SEF Rulebook as well as NEX SEF processes. In order to continue to maintain an orderly and transparent market, NEX SEF is outlining its Audit Trail Review process, pursuant to NEX SEF Rule 309(d) as well as its approach to handling audit trail violations, pursuant to NEX SEF Rule 516.

Audit Trail Review Process:

Consistent with NEX SEF Rule 309(d), NEX SEF conducts Audit Trail reviews to ensure compliance with Rules 201(b)(3), 203(a), 208, 210(f)(1) and 302. The reviews are being conducted by the Market Regulation Department of CME Group (“Market Regulation”), as NEX SEF’s Regulatory Service Provider. As part of the review process, NEX SEF requests its participants to:

1. provide specified data and all relevant data elements;
2. attest to complying with the recordkeeping requirements outlined in NEX SEF Rule 208(c); and
3. attest to its current Eligible Contract Participant status in compliance with NEX SEF Rules 203(a) and 210(f)(1), as well as provide its annual financial statements to validate this status pursuant to NEX SEF Rule 201(b)(3).

Approach to Violations of Audit Trail Requirements:

In the event audit trail recordkeeping violations are identified, NEX SEF expects Participants to take immediate corrective action to comply with NEX SEF recordkeeping rules. Depending on the gravity of the violation and the Participant’s disciplinary history, NEX SEF Compliance may also pursue action against the Participant, including issuing a Warning Letter, assessing a Summary Fine pursuant to Rule 516, or requesting the issuance of charges pursuant to Rule 502 and 503.