Fenics Credit ATS

Trading Protocol Operations Manual

December 2021

Securities related services for Fenics Invitations offered through BGC Financial, L.P. Member of FINRA and SIPC.

1

Table of Contents

1 Introduction

Fenics Invitations is an all day, electronic trading protocol designed for the Dealer to Client (D2C) market, which combines the "call and response" and anytime trading of familiar Request for Quote (RFQ) protocols, with the suggested mid-market pricing and pre-trade anonymity of a session-based auction protocol. Using the Request for Auction (RFA) workflow, Fenics Invitations provides Price Takers the opportunity to solicit liquidity from Price Makers with known interest in specific instruments at a suggested mid-level, whilst simultaneously supporting targeted solicitation to Price Makers from a global distribution network to support their natural de-risking activities, fully integrated into their existing electronic workflows.

In the United States, Fenics Invitations is deployed across Fenics Credit, an Alternative Trading System ("ATS") operated by BGC Financial LP (BGCF or "the Operator"), a US registered Broker-Dealer with the Securities and Exchange Commission (SEC) and member of both the Financial Industry Regulatory Authority (FINRA) and Securities Investor Corporation (SIPC). BGC Partners, Inc., the parent company of BGCF, is a leading global brokerage company providing services to the financial and real estate markets. Divided between these two markets, the Financial Markets Services segment provides brokerage services for fixed income securities, interest rate swaps, foreign exchange, equities, equity derivatives, credit derivatives, commodities, futures, and structured products. This segment also offers trade execution, broker-dealer, clearing, processing, information, and other back-office services to a range of financial and non-financial institutions; and electronic marketplaces comprising government bond markets, interest rate derivatives, spot foreign exchange, foreign exchange derivatives, corporate bonds, and credit derivatives.

BGCF is further committed to a fair and orderly marketplace for all Subscribers to interact over and has a regulatory obligation to ensure that subscribers, and their associated authorized users, conduct activity across Fenics Credit in compliance with US federal, state law and self-regulatory organization rules and regulations. The Operator will seek to ensure that Fenics Invitations is not used for any improper practice including, but not limited to, fraud, manipulation and disruptive or deceptive behavior.

This document provides an overview of the Fenics Credit Alternative Trading System, and the associated Fenics Invitations Protocol, for the purpose of trading Fixed Income Securities, as well as serving to document the business practices adhered to by BGCF, the operator. Furthermore, the document provides an understanding on operational detail for the below categories.

- Subscriber & User Conduct
- Platform Access
- Platform Operations
- Risk Management Controls
- Functionality and Order Types

For further detail, please contact your Fenics Invitations representative.

1.1 Electronic Trader Authorization Form (ETAF)

All subscribers, whether accessing the Fenics Invitations Protocol via the Hybrid or fully electronic workflow, are required to fill out and return the ETAF and are subjected to the terms and conditions stated in that document.

1.2 Electronic Services Agreement (ESA/ETA)

In addition to the ETAF, all subscribers wishing to access Fenics Invitations' fully electronic workflow are also subject to the terms and conditions contained within an executed ESA.

1.3 Communications with Subscribers

The Operator withholds the right to make changes to the Fenics Invitations protocol at its sole discretion, but will make best efforts to give notice of substantive changes to subscribers by sending an email to all contacts kept within the Invitations Subscriber database. Subscribers should make best efforts to ensure they keep contact information up to date and contact their Fenics Invitations representative with any changes.

Further to the above, BGCF may, at its sole discretion and without providing notice, make changes to either the Fenics Credit venue or Invitations Protocol (i) in the event of an emergency; or (ii) where BGCF is required to do so, to satisfy regulatory or legal obligations.

1.4 Compliance with Applicable Laws

As a registered broker-dealer, BGCF has responsibilities under SEC and FINRA rules to monitor for market manipulation, fraud, and disruptive and/or deceptive activities across the Fenics Credit venue. Examples include, but are not limited to:

- Giving the false impression of market price, depth or liquidity (e.g., layering or spoofing, painting the tape, and improper self-matching)
- Deliberately acting to cause error trades; and
- Causing or exacerbating settlement failures.

Subscribers executing across the Fenics Credit Alternative Trading System, shall always comply with all applicable rules, regulations, procedures, and instructions of the SEC and FINRA (if applicable) that apply to the conduct of the Subscriber's business on the Fenics Invitations Protocol.

1.5　System Participants (Subscribers)

The Fenics Credit Alternative Trading System is open to both broker dealer and non-broker dealer institutions, banks, Investment Banks, and other price making institutions collectively referred to as "Price Makers", as well as registered and unregistered investment companies, plans subject to the Employee Retirement and Income Security Act, insurance companies, registered and unregistered investment advisors, and other price taking institutions collectively referred to as "Price Takers".

The Fenics Invitations protocol differentiates between subscribers depending on the classification they fall under. Price Taker subscribers are the only ones able to launch the one-to-many Request for Auction workflow, whilst Price Maker subscribers may only receive active queries.

All subscribers will have fair and equal access; however, all Price Taker Subscribers will have additional functionality options where they can utilize connectivity to the ATS venue through a fully electronic workflow through Bloomberg's Execution Management System (EMS) TSOX, or via a hybrid electronic workflow where a limit order is passed to a regulated employee of the Operator through traditional voice broking methods and entered by these regulated employees into the electronic workflow on their behalf.

2　Access to Fenics Invitations

Fenics Credit, the alternative trading system, supports both a fully electronic and hybrid electronic workflow for the purpose of trading Fixed Income cash securities and is available to subscribers for 20 hours a day on Eastern Standard Time, from Sunday evening through Friday evening, subject to market holidays, and will take early closes into consideration as recommend by the Securities Industry and Financial Markets Association (SIFMA).

BGC Financial LP is the US operator of the Fenics Credit ATS, including the Fenics Invitations protocol, and does not trade on a proprietary basis. Orders entered by Price Taker subscribers may match against any Price Maker subscriber with BGCF acting as matched principal to the transaction. Price Taker to Price Taker and Price Maker to Price Maker transactions are not supported.

Subscribers are granted access to the Fenics Credit venue only if they satisfy BGCF's eligibility requirements, complete all required on-boarding documents and execute an Electronic Trader Authorization Form (ETAF) document. For all Price Maker subscribers, and Price Takers wishing to engage with the fully electronic workflow, the execution of an additional Electronic Services Agreement (ESA) or the Electronic Access and Trading Terms and Conditions ("Electronic Terms") would be required.

BGCF may ask for additional documentation and information as required to verify the identity of a prospective subscriber and/or its principals, beneficial owners, and control persons and only once all requirements are completed will the Operator grant access to the venue. The Operator will not grant access to the Fenics Credit venue to so called "retail" subscribers.

As defined by the terms of the ETAF, ESA, and/or Electronic Terms, subscribers have a contractual obligation to abide by all applicable rules and regulations, and the procedural, operational and technical requirements of BGCF.

2.1   Distribution

How subscribers access the Fenics Credit venue is dependent on their Invitations client classification.

Buyside

Distribution Type	Description
Fenics Invitations GUI	An independent, whitelisted version of the java based GBX GUI accessed via web link.
Bloomberg TSOX	Bloomberg's integrated Execution Management System (EMS)

Sellside

Distribution Type	Description
GBX Branded GUI	Delivered as a separate pop-up on the Sellside's existing GBX screen

Subscribers are responsible for safeguarding access to Fenics Credit and providing notification upon learning of access breaches.

2.2   Authorized Trader/User Access

BGCF requires all users be identified by a unique User ID. All orders submitted to the Fenics credit venue are required to be sent from the assigned User ID.

Requests for access to the Fenics Credit Venue must be submitted to a Fenics Invitations representative by an individual empowered to act on behalf of the subscriber who, in turn, will obtain and provide details of the appropriate access required, contact details for all requested users and technology contacts by returning the completed ETAF to their Fenics Invitations representative.

The Fenics Invitations representative will expedite access requests to the Market Operations Department. Contact details of representatives and Markets Operations can be found in section 7 of this document.

Upon a user's exit from the Subscribers' firm, or upon any other need to remove/amend their access to the System, an individual empowered to act on behalf of the Subscriber will inform their Fenics Invitations representative. This notification to remove access can be provided by submitting an amended ETAF or written notification (email acceptable), to a Fenics Invitations representative who will organize for the requested amendments and expedite to Market Operations. It should be noted that individual users may not request and/or will not be approved for additional entitlements without having a signed ETAF on file with BGCF.

All entitlement enablement/changes (both view only and interactive) require an associated ETAF. The Operator will keep an appropriate audit trail to track these changes.

Each user shall be responsible for all activity resulting from the use of their User ID , including any access obtained to the Fenics Credit Venue and any orders submitted to and/or matched on the Fenics Invitations Protocol of the Fenics Credit ATS.

Subscribers must notify BGCF immediately once they become aware of any unauthorized use or disclosure of any User ID or password that was assigned to the individual users.

Where Subscribers no longer meet the requirements of the venue, the Operator, at its sole discretion, will remove access. In accordance with ATS Rules, any removal of access will be reported to the regulator as part of the ATS venue's quarterly disclosure.

2.3   Market Data

2.3.1   Historical Market Data

For subscribers who have either launched, or responded to, a Request for Auction query, Invitations offers immediate access to historical market data via the History Button on the Invitations/GBX GUI. Subscribers will have access to all printed levels from the Fenics Invitations Protocol in that specific instrument from the point they submitted their order looking back seven calendar days.

This information will only be available through the GUI and will not be downloadable via a CSV file. End of day reports and/or specific files for regulatory requests or audits can be requested from a Fenics Invitations representative.

Once eligible, subscribers may access market data until the end of the trading day, or until they close the Invitations pop-up.

Inputting an additional order over the course of the day will refresh the lookback period.

2.3.2   End of Day Recap

Subscribers will be asked at the point of onboarding whether they wish to receive a recap of all the orders (filled or unfilled) they have submitted over the course of the trading day. If requested, this recap would be a password protected file attached to an email provided at close of business. The email will be sent to an address nominated by the Subscriber.

Should a Subscriber who has opted out of a receiving a recap wish to opt in at a later date, an authorized person should contact Market Operations and their Invitations representative (contacts in section 7) detailing the report specifics and the nominated email address where the report should be sent.

3   Fenics Credit Operations

3.1   Securities Traded

The Fenics Credit Alternative Trading System offers subscribers the ability to trade cash traded Fixed Income instruments including, but not limited to;

- Emerging Markets Hard Currency Bonds
- Emerging Markets Local Currency Bonds
- EU & US High Yield
- Peripheral European Government Bonds
- Cash Traded EU Investment Grade Bonds

Fenics Credit withholds the right to add/remove instruments offered across the venue at its discretion.

Newly issued instruments shall generally be added on the day following the offering; however, may be added sooner if the Operator is able to do so.

Unless otherwise stated, all instruments offered by the Alternative Trading System shall settle on a T+2 basis.

Subscribers shall make best efforts to ensure allocations on executed orders are sent to the Operator no later than close of business on T+1.

3.1.1   Eligible Instruments

The Fenics Invitations Protocol only runs with Eligible Instruments. An Eligible instrument is defined as any financial instrument that the Operator identifies as being displayed by a Price Maker within the System, or as determined by the Operator, considering requests made by Price Makers based on their trading history.

3.2   Hours of Operation

The Fenics Credit Alternative Trading System shall run the Fenics Invitations Protocol for approximately 20 hours a day on Eastern Standard Time.

Protocol	Protocol Start (U.S. Eastern Standard Time)	Protocol End (U.S. Eastern Standard Time)
Invitations	2:30 a.m	10:30 p.m.

The Operator reserves the right to expand/reduce the hours of operation as required to ensure the sufficient support of the Alternative Trading System in relation to the products currently being offered by the venue.

Fenics Credit considers SIFMA's recommendations for market holidays, early closes and valid settlement dates. The schedule can be found online at: http://www.sifma.org/services/holiday-schedule/.

4   Risk Management

4.1   SEC Rule 15c3-5

The Securities and Exchange Commission ("SEC") Rule 15c3-5 (the "Market Access Rule") requires broker-dealers ("BDs") that offer their customers "market access," to have a system of risk management controls and supervisory procedures to manage legal and operational risks. For these purposes, "market access" shall mean (i) access to trading in securities on an exchange or alternative trading system ("ATS") as a result of being a member of the exchange or subscriber of the ATS; or (ii) access to trading in securities on an ATS provided by a BD operator of an ATS to non-BD customers. Fenics Credit, as an ATS is required to have Market Access Rule controls in place.

As the BD operator of Fenics Credit, BGCF provides for Rule 15c3-5 as follows:

- Credit Limits
- Pre-Trade Credit Checks
- Safeguards ("Fat Finger", "Hold all Bonds", "Max Order Quantity", "Max Notional")

4.2   Credit Limits

The Global Risk Management ("GRM") department (under a shared services agreement with BGCF) maintains direct and exclusive control over the setting of Credit Limits and fill ratios for matched principal Counterparties on the platform. Pre-trade control of Credit Limits are enforced for all Counterparties.

Credit limits are set at the Counterparty level. A Counterparty is the legal entity to a trade. Sub limits may also be set for individual Subscribers. Examples of Subscribers include branches of banks, trading desks or individual authorised traders of the Counterparty. Individual Sub limits of Subscribers cannot exceed the Credit Limit of the Counterparty. The sum of executed trades across Subscribers cannot exceed the Credit limit. Counterparties can request their own credit limits for the entire Counterparty, or sub limits for Subscriber groups. GRM will set Credit Limits at the lower of BGCF's risk appetite or limits requested by the Counterparty.

Credit Limits across the Fenics Credit venue are measured in absolute terms on a daily basis. For example, if a Counterparty has a $10Mil. Credit Limit and buys $1M of a security, they will have $9M available credit to use for the remainder of the trading day. However, if the Counterparty attempts to buy an additional amount exceeding the $9Mil. available credit, the trade will not be executed.

Pre-trade risk controls are associated with each User. Subscribers may request an adjustment to a credit limit by contacting their Fenics Invitations Representative; however, it is in the sole discretion of the Operator's Risk Department to approve or reject any Subscriber request.

4.3   Fenics Credit Safeguards

Outside of the 15c3-5 controls, the Fenics Credit Alternative Trading System utilizes several soft safeguards which are configurable either by, or at the request of, the Subscriber. These include;

• **Second Look Pop-Ups:** To prevent "Fat-Finger" incidents, whenever a Subscriber attempts to submit an order to the Alternative Trading System, before the order is accepted, a pop-up appears to the Subscriber detailing the exact economics including Size, Direction and Price. The Subscriber must then affirm these are correct before order is accepted.

• **Buddy Groups:** To ensure visibility across a Subscriber's Desk between users, the Individuals empowered to act on behalf of the Subscriber may request to have users added to group where information on orders submitted/filled can be shared by multiple users on the same desk. A "One Cancels another" protocol is enabled as part of the buddy group set-up to ensure against self-trading within the group.

To request a buddy group, an individual authorized to act on behalf of the Subscriber should submit a request to their Fenics Invitations Representative who will arrange for the functionality to be added/managed by the Operator's Market Operations function. By default, this functionality is disabled, and information is not shared between users.

The Operator shall keep records of buddy group requests and it is the responsibility of the Subscriber to ensure that individuals requesting this feature have sufficient authorization to do so.

• **Hold All Bonds Button:** In the event a user needs to cancel all live orders, they have the option to click the "Hold All Bonds" Button in the main toolbar or in a separate icon on the Invitations Protocol Pop-up. Upon clicking this button, any live unfilled orders will be cancelled.

The hold all bonds button is for use in situations which necessitate an immediate withdrawal of a Subscriber's orders from the market. It should not be used as a routine means of cancelling orders.

Invitations Terminology	
Term	**Definition**
Destination	A Price Maker with a Footprint in an Eligible Instrument.
Eligible Instruments	Any financial instrument that the Operator identifies as being eligible for trading and as notified to Subscribers from time to time. .
FITT (Firm Invitation to Trade)	The price generated by the System, under the rules of the Protocol. .
Footprint	A Price Maker who has either: (a) in the previous seven calendar days, had electronic (filled or unfilled) or voice (filled) activity in any Inter-dealer Broker ("IDB") venue selected by the Operator; or (b) sent a list of Instruments directly to the Operator for which it wishes to receive trading queries.
Operator	BGC Financial LP
Price Maker	A Subscriber that provides or holds itself out as providing pricing on any related financial instruments and has been designated as such by the Operator or designated under the System . A Price Maker may respond to, but not launch RFAs.
Price Taker	A Subscriber which is either an institutional entity that generally requests and does not hold itself out as generally providing liquidity or such other Subscriber which the Operator has designated as a Price Taker or is so designated under the System. A Price Taker may launch, but not respond to RFAs.
Relevant Transaction	A transaction where orders are matched and then executed on the Fenics Credit ATS .
RFA (Request for Auction)	During a Session, a targeted request under which a single Price Taker may indicate its willingness to enter a Relevant Transaction at the designated FITT level in a selected Eligible Instrument and specified size on a partial or 'all or nothing' basis with one or many valid Price Makers.
Session	The allotted time period determined by the Operator in which RFAs may be launched by a Price Taker at the current FITT level on the System.
System	A system run in accordance with the rules of this Protocol and which permits the matching of Interests under the rules of this Protocol and, which are then executed as Relevant Transactions

5.1 Fenics Pricing Engine and the Fenics Order Handler

- The Operator receives internal and external market data from Fenics Market Data and other data partners in order to feed the **Fenics Invitations Pricing Engine** which is responsible for deriving the FITT level for Eligible Instruments.

- FITT levels are specific to Fenics Invitations and displayed only to Invitation's Subscribers and front office staff. They are not shared with non-Invitations IDB Subscribers or any internal, non-Invitations front office staff.

- The **Fenics Invitations Order Handler**, a subroutine of the Fenics Invitations Pricing Engine is responsible for identifying Eligible Instruments and routing RFAs to Destinations.

- Where a Price Maker has sent the Operator a list of Eligible Instruments which would form part of its Footprint, the Operator in its sole discretion may limit the number/size of these lists to upload.

- The output of the Fenics Invitations Pricing Engine is a list of Eligible Instruments that have eligible Destinations and their corresponding FITT levels.

5.2 Distribution of FITT Levels

- FITT levels are distributed to Price Takers via multiple channels including:

  - Price Taker GUI: A Fenics Invitations version of the existing GBX Credit Platform;
  - Bloomberg TSOX: Bloomberg's Fixed Income Execution Management System (EMS); and
  - Bloomberg RUNZ: Non executable locked market axe via Bloomberg terminal.

- FITT levels are distributed to Price Makers via a new pop-up on their existing GBX Credit Platform Accounts.

5.3 Sessions

- Sessions are launched on all Eligible Instruments where there is a Destination. These are presented as a list of Eligible Instruments and their corresponding FITT levels:

- an Instrument becomes an Eligible Instrument when it has a Destination. Once deemed eligible, it will remain so for an amount of time specified by the System as communicated to Subscribers from time to time; and

- if there is only one Footprint against an Instrument, and that Subscriber is not logged into the System, the Eligible Instrument will no longer be deemed eligible and will not be available for an RFA to be launched in respect of it.

- A Session may run for a configurable amount of time at the product level as defined by the Operator and communicated to Subscribers should any amendments to the length of that window be made.

- After the Session time expires, that Session will close and all open RFAs will be terminated. Any new Session will launch with a refreshed FITT level determined in accordance with paragraph 5.1 of the Protocol.

- Minimum size and increment controls will be in place in the System to ensure Subscribers cannot place, or be left with, size that is below the minimum deliverable. The minimum size and increment, in respect of Eligible Instruments, will both be set to the Euroclear minimum denomination, or such other size and increment as specified by the Operator from time to time and where the Operator will notify Subscribers.

5.4   Price Takers

- Price Takers will have visibility on all Eligible instruments during a live Session and their corresponding FITT levels in alphabetical order.

- By submitting the attempted size into either the BUY TOTAL or SELL TOTAL columns in the case of the GUI, or submitting a TSOX order with the relevant direction, Price Takers launch a one-to-many RFA query between Destinations and themselves

- If multiple RFAs in the same Eligible Instrument are running at the same time, they will appear as different line items to the Price Makers. A Price Taker may not join an ongoing RFA. If the Price Taker launches an RFA in the same Session in the same Eligible Instrument, this will appear to Price Makers as a separate RFA for them to respond to.

- Price Takers may denote their orders as "all or nothing" by entering them into the relevant columns on the GUI or activating the AON flag in TSOX.

- During a live RFA query, no Subscriber will see the size or direction of any orders, other than their own, nor will they see the identity of any Subscriber with live submitted orders.

- Unmatched orders may be pulled at any time. If not pulled, orders are considered good for the duration of the RFA Window.

- At the end of the RFA Window, any unfilled orders are cancelled. No information on residual size or direction is passed to any Subscriber.

- Standard Second look fat finger controls create a last look on any orders Subscribers place before they are submitted. A pop-up relays the economics of the order in clear language and requires the Subscriber to confirm all is correct before the order is accepted by the venue. This is not turned on as standard as is available on the GUI via the settings button in the Invitations pop-up.

- To filter Eligible Instruments more efficiently, Price Takers may use any of:

  - a search bar, by typing in screen name, ISIN or CUSIP;
  - the My List Feature, where a bulk upload of Eligible Instruments removes anything from view that is not on that list; or

- pinning, where clicking the pin next to an Eligible Instruments will hold its position on screen.

5.5   Price Makers

- Price Makers will only see the FITT levels in Eligible Instruments in which there is an active RFA in progress and for which they had a previous indication of interest.

- Live RFAs will populate a pop-up and will appear top to bottom in the order that they were launched with the most recent at the top.

- Price Makers may respond to a live RFA by submitting the size and direction that they would be willing to trade the Eligible Instrument at the corresponding FITT level.

- All Price Makers agree to be filled in partials.

- During a live RFA query, no Subscriber will see the size or direction of any orders, other than their own, nor will they see the identity of any Subscriber with live submitted orders.

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  - pinning, where clicking the pin next to an Eligible Instrument will hold its position on screen.

5.6   Matching Process

- When two opposing orders are entered into the System, the System will identify and match them. At this point, both sides are committed to the trade.

- Within each RFA, the Price Taker Interest is matched against the Price Maker query on a time priority basis. First Price Maker to respond to an RFA is the first to be filled.

- When the Price Taker has denoted their order as "all or nothing", no match will be undertaken until the aggregate interest of the opposite side is equal to, or exceeds the amount designated "all or nothing".

- Any upsized Price Maker orders will be treated as a new order solely for the purpose of time priority. For example, if a Price Maker submitted a 1M order at 100.00 and was at the top of the stack, then proceeded to make the order 2M all day, the initial 1M would remain at the top of the stack, however, the additional 1M would be placed at the bottom.

- When a match occurs, the Price Taker and Price Maker who have traded will be alerted to the trade by the presence of a gavel icon. Any Destination in that Eligible instrument will also be alerted to the trade by the presence of the gavel icon but will not receive any further details of the trade. No detail on residual Interest or direction will be visible.

5.7   Venues

- All interests placed into the System are orders placed across the Fenics Credit Alternative Trading System

- Matches identified by the Fenics Invitations protocol are trades executed across the venue

5.8   Execution and Post Trade

- At the end of the RFA timer, the RFA query expires and, should any Relevant Transaction be executed, the Operator will disclose to each Subscriber (and only to such Subscriber(s)) the identity of the underlying Price Taker and the Price Maker(s) which have been matched together in the Relevant Transaction. All Subscribers consent to the Operator making such disclosure. For the avoidance of doubt, no information other than the Subscribers' names and identifiers will be disclosed.

- All trades occurring on Fenics Credit are reported with BGC Financial LP acting as the matched principal counterparty to the transaction. As such, the counterparty credit risk remains with the Operator throughout the course of the transaction, until allocation.

- Upon execution, the relevant transaction will feed into the Operator's proprietary middle office system, GMO, into a segregated book for Fenics Invitations activity conducted across the Alternative Trading System.   Instruments that require regulatory reporting will be submitted via GMO using the Fenics Credit ATS MPID (Market Participant ID) versus the sell side Firms MPID who executed on the platform.

- For the Buyside Customer transaction, Fenics Invitations front office staff will review the parent ticket to confirm the correct economics are in place and the bro rate has been applied to the all-in price correctly. Fenics Credit's fee schedule will be made available to Subscribers and updated as required from time to time by the Operator.

  - The GMO ticket in question contains the FITT (clean price), the bro rate applied and the final all-in level (Dirty Price). For instruments that require regulatory trade reporting, the

ATS will submit trade reports as the matched principal counterparty versus the customer. Depending on customer billing and/or net pricing brokerage arrangement with the customer, the relevant applicable price will be reported to the Trade Reporting and Compliance Engine (TRACE) facility.

- Once economics are confirmed and any amendments made, the parent ticket will be approved and reported to TRACE. This will also trigger the submission of either VCON confirmation via Bloomberg or STP.

5.9 Trade Reporting

A Transaction occurs when there is a match on the system during a RFA, and the RFA timer has gone to Zero. From that point, the transaction is timestamped by the system and sent to GMO for processing.

- The approval of the trade in GMO triggers the TRACE Reporting workflow.

- GMO sends trades to AllReg, an in-house system that standardises the data and forwards it to the FINRA TRACE reporting facility.

- The AllReg application also consumes the alleges and passes them back to the Blotter. These are used for comparing the counterparty's TRACE reports, where the counterparty is a FINRA member and also hasan obligation to TRACE report.

- To monitor adherence to TRACE reporting rules, the Blotter that displays the trade reporting and matching status of all trades, based on the data sourced from the AllReg app.

- In the event a trade occurs outside of the FINRA TRACE operating hours (8:00AM EST-6:30PM EST), it is held in queue in GMO and submitted to AllReg Application, where it is processed at 8:00AM (when TRACE facility opens) the next trading day with the proper designation and/or modifier flag(s) indicating that the trade occurred outside normal market hours.

- Should any error prevent automated reporting through the Allreg application, the Operator will raise the issue with NASDAQ technical support and the firm's Operations and Middle Office personnel will enter transactions into the FINRA TRACE web Browser.

5.10 Allocations

- Price Takers may need to allocate the parent level trade across multiple sub-fund/child tickets. Where this is required, Fenics Credit front office staff will cancel/amend the block trade and rebook into the shapes required by the Price Taker for settlement.

- When rebooking, these front office staff will suppress the TRACE report for the child tickets so that no additional reporting is conducted by the venue.

- Front office staff will own all corrections/amendments to the transaction's booking in the middle office until the end of T+1.

- In the event of any mismatches or should any amendments/corrections need to be made to the tickets past T+1, the Operator's middle office personnel will identify and assist front office staff is resolving any outstanding issues.

5.11   Settlement

- Upon approval in GMO, the trade will feed into the firm's back-office system, Phase 3, where it will be alleged into the selected clearing agent for the purpose of settlement.

- The default clearing agent will be determined by market convention. For example, in Emerging Market Bonds, all instruments will default to Euroclear.

- Subscribers may request alternative settlement to the default clearing house (i.e. DTCC) and the Operator will make best efforts to comply provided (i) the Subscriber has made the request in good time and (ii) the trade has not already matched with the default clearing agent.

- Where the Operator cannot amend clearing agent, the Operator's choice of agent is final, the Subscriber agrees to amend to the Operator's agent of choice.

6   Error Trade and Fat Finger Policy

The Error and Erroneous Trade Policy (**The Policy)** is designed to detail the factors and processes that BGC Financial LP may consider when reviewing transactions across the Fenics Credit Alternative Trading System that;

i) have resulted from one of the involved Subscribers inputting an order in error (**Error Trade**): or, ii) involves a clearly erroneous pricing error (**Erroneous Trade)**

In its role of ensuring an orderly market, the Operator seeks to ensure that Error and Erroneous trades are dealt with in a fair and efficient manner with the Subscribers involved with as little disruption to the affected market as possible.

The Operator reserves the right to amend this policy at its sole discretion with Subscribers being notified of the amendments by email, GUI delivery, Bloomberg messaging or hard copy. All access to the Fenics Credit Alternative Trading System shall be governed by this policy.

Under the terms of this policy;

i) the Operator bares no responsibility for any failure by the two Subscribers involved in a transaction to resolve a trade dispute.

ii) This Policy does not relieve users from liability or potential financial responsibility for the execution of trades that are deemed "Error or Erroneous" Trades.

iii) Each user/Subscriber must:

- Refrain from engaging in prohibited activities on the Fenics Credit Alternative Trading System in accordance with any executed electronic trading agreement or electronic trading terms and conditions.

• Review each order for accuracy prior to entering it into the Fenics Credit Alternative Trading System.

6.1   Identifying an Erroneous Transaction

The below table outlines the pricing bands considered when determining whether a transaction is clearly erroneous or otherwise in relation to Bloomberg CBBT.

Emerging Markets		USHY	EUHY	Periperhal EGBs	Cash EU IG
Sovs/Quasi	Corps	Corps	Corps	Sovs	Corps
0.5	0.5	0.5	0.5	0.375	0.375

Where the FITT level is out of the CBBT bid/offer range by equal to or greater than the amount detailed in the above, the Operator agrees to place any transaction queried into review.

If a query is raised, but the FITT is outside by less than the amounts detailed above, the Operator may opt to negotiate amended terms between the two counterparties involved or place the trade into review at its sole discretion.

6.2   Querying a Transaction

Responsibility for reporting Error or Erroneous Trades within a timely fashion lies solely with the Subscribers entering orders onto the Fenics Credit Alternative Trading System. To query a transaction, a Subscriber should raise the issue with their Fenics Credit Representative (verbally or via chat) within **three minutes** of the transaction having occurred so that the Operator may contact the other counterparty to inform them of a suspected error/erroneous trade.

Following the submission of a query, the Subscriber should explain i) in the event of a Subscriber error, what the user did and what the user intended to do and ii) in the event of an suspected erroneous transaction, factual reasoning for the belief the price was incorrect. This information should be provided in writing to the Operator as soon as possible, but no later than **10 minutes** after the transaction has occurred.

The transaction time of an RFA is defined as the end of the RFA query. Furthermore, the Operator reserves the right to disqualify a transaction from being treated as an Error or Erroneous Trade in the event notification of an Error or Erroneous Trade has not been within this time scale.

The Operator also reserves the right to monitor activity across the Alternative Trading System and identify prices, Transactions or submitted Orders that, in its reasonable judgement, appear to be erroneous.

6.3   Resolving Potential Error or Erroneous Trades

Where a potential erroneous transaction has been identified, the Operator will end the existing pricing Session for that instrument and place the queried trade into review. This review process is

conducted independent to front office staff by the Operators' Compliance department. Should the Operator, in its sole discretion and, after conducting its review process, determine the transaction erroneous the transaction will be cancellable. If the review process determines the transaction to not be erroneous, the transaction stands.

Once the review process has been completed, the instrument will be relaunched with a refreshed FITT.

In the event of an error trade, the resulting transaction will only be cancellable if the opposing matched Subscriber also agrees to the cancellation. In the event of a dispute between Subscribers, the trade will stand, and the Operator will bear no responsibility for any resulting financial or otherwise incurred cost as referenced in 6.0.

6.4   Determining the FITT level

All FITT levels are determined by the Operator using the Fenics Pricing Engine, a proprietary pricing mechanism which consumes internal and external market data provided by its Market Data Vendor, Fenics Market Data or any such third party the Operator deems appropriate.

The Fenics Pricing Engine has sufficient controls within its algorithms to ensure the probability of a generated level being clearly erroneous is reduced to an acceptable level.

6.5   General Disclaimer

BGC FINANCIAL LP (THE OPERATOR) EXPRESSLY DISCLAIMS ANY RESPONSIBILITY FOR ANY FAILURE TO RESOLVE AN ERROR OR ERRONEOUS TRADE THAT FALLS OUTSIDE OF THE FIRM'S CLEARLY ERRONEOUS POLICY. THE OPERATOR SHALL HAVE NO LIABILITY FOR ANY DAMAGES OR LOSSES CAUSED BY ANY ACTIONS IT MAY TAKE OR FAIL TO TAKE PURSUANT TO THIS POLICY, INCLUDING, BUT NOT LIMITED TO, ADDRESSING CLAIMED ERROR OR ERRONEOUS TRADES OR PARTICIPATING IN THE RESOLUTION THEROF.

For more information and additional disclosures, please see the website at the following links:

https://www.bgcpartners.com/disclaimers/

https://www.bgcpartners.com/wp-content/uploads/2021/04/Understanding-BGC-Brokering-Services_20210407_clean.pdf

https://www.bgcpartners.com/wp-content/uploads/2021/11/BGC-Annual-Regulatory-Disclosures-2021-2022_v1.pdf

7 Fenics Credit Contacts

Department	Phone	E-Mail
Fenics Invitations Sales	+1 212 9151818	InvitationsSales@fenics.com
Client Integration	NA	integration@bgcpartners.com
Market Operations NY	+1 212 6102300	InvitationsSupport@fenics.com
Clearing and Settlements	NA	Settlements-NY@Cantor.com
Compliance	NA	BGCComplianceNY@bgcpartners.com