
Exchange Advisory

TO: Eris Exchange Market Participants

FROM: Eris Exchange Control Center and Market Regulation Department

ADVISORY: #13-01

DATE: January 8, 2013

SUBJECT: Notification of Eris Exchange Rule Self-Certification: Amendments to Rule 101 (Definitions), Rule 305 (Dues, Assessments and Fees), and Rule 601 (Block Trades).

Background

This Exchange Advisory serves to notify Participants of Eris Exchange, LLC (“Eris Exchange” or “Exchange”) that:

- I. The Exchange is amending Rule 101 and Rule 305 to define the Privileges of Membership and Subsequent Investor and to amend the definition of Founding Owner;
- II. The Exchange is amending Rule 101 to clarify the definition of Participant, to include the definition of an Independent Software Vendor.
- III. The Exchange is amending Rule 601 to clarify those Persons eligible to execute block trades.
- IV. The Exchange has filed a notification with the Commodity Futures Trading Commission to amend Exchange Rule 101 and Rule 305. **These amendments will be effective on January 23, 2013.**

The amended Rule 101, Rule 305, and Rule 601 are attached in redline format (Attachment A), as well as in final form (Attachment B).

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ATTACHMENT A

RULE 101. Definitions

“Founding Owner,” ~~for purposes of NFA Bylaw 1301, Founding Owner shall~~ means a Participant that has made an equity investment in Eris Holdings prior to December 31, 2010. Such a Founding Owner has certain privileges, meaning the ability to vote for members of the Board of Eris Exchange. ~~A Founding Owner shall not be responsible for FCM Assessments to NFA as set forth in NFA Bylaw 1301(b).~~

~~“Independent Software Vendor” or “ISV” means any Person that offers services that provide access to the Eris Trading System. In order to provide access to the Eris Trading System the ISV must enter into a Connection Agreement with the Exchange and be approved by the Exchange.~~

“Participant” means a Clearing Firm, Broker Firm, or Participant Firm; ~~any person who is either employed or is an agent of a Clearing Firm, Broker Firm, or Participant Firm (including, but not limited to a Supervised Person, Authorized Trader and/or Authorized Broker); an ISV; or any person who is authorized to access or utilize Eris Exchange pursuant to the applicable User ID, or any Person initiating or executing a transaction on or subject to the Rules of the Exchange directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed. The term Participant includes Authorized Broker(s), Authorized Trader(s), Broker Firm(s), Clearing Firm(s), or Supervised Person(s).~~

~~“Privileges of Membership,” for purposes of NFA Bylaw 1301, shall be granted to any Participant that is a Founding Owner, Liquidity Provider, or Subsequent Investor as set forth in Rule 305.~~

~~“Subsequent Investor” means any Participant who has made an equity investment in Eris Holdings on or after December 31, 2010.~~

RULE 305. Dues, Assessments and Fees

~~(d) Any Participant that has been determined by the Exchange to be a Founding Owner, Liquidity Provider, or Subsequent Investor is hereby granted the “Privileges of Membership,” for purposes of NFA Bylaw 1301. A Participant with the “Privileges of Membership” shall not be responsible for FCM Assessments to NFA as set forth in NFA~~

Bylaw 1301(b).

RULE 601. Block Trades

(10) A commodity trading advisor ("CTA") registered or exempt from registration under the Act, including, without limitation, any investment advisor registered or exempt from registration under the Investment Advisors Act of 1940, **or principal thereof**, shall be the applicable entity for purposes of Sections (1), (3), (4) and (5), provided such advisors have total assets under management exceeding \$25 million and the block trade is suitable for the customers of such advisors.

(11) A foreign Person performing a similar role or function to a CTA or investment advisor as described in Section **† 10, or principal thereof**, and subject as such to foreign regulation, shall be the applicable entity for purposes of Sections (1), (3), (4) and (5), provided such Persons have total assets under management exceeding \$25 million and the block trade is suitable for the customers of such Persons.

ATTACHMENT B

RULE 101. Definitions

“Founding Owner” means a Participant that has made an equity investment in Eris Holdings prior to December 31, 2010. Such a Founding Owner has certain privileges, meaning the ability to vote for members of the Board of Eris Exchange.

“Independent Software Vendor” or “ISV” means any Person that offers services that provide access to the Eris Trading System. In order to provide access to the Eris Trading System the ISV must enter into a Connection Agreement with the Exchange and be approved by the Exchange.

“Participant” means a Clearing Firm, Broker Firm, or Participant Firm; any person who is either employed or is an agent of a Clearing Firm, Broker Firm, or Participant Firm; an ISV; or any Person initiating or executing a transaction on or subject to the Rules of the Exchange directly or through an intermediary, or any person who is authorized to access or utilize Eris Exchange pursuant to the applicable User ID.

“Privileges of Membership,” for purposes of NFA Bylaw 1301, shall be granted to any Participant that is a Founding Owner, Liquidity Provider, or Subsequent Investor as set forth in Rule 305.

“Subsequent Investor” means any Participant who has made an equity investment in Eris Holdings on or after December 31, 2010.

RULE 305. Dues, Assessments and Fees

(d) Any Participant that has been determined by the Exchange to be a Founding Owner, Liquidity Provider, or Subsequent Investor is hereby granted the “Privileges of Membership,” for purposes of NFA Bylaw 1301. A Participant with the “Privileges of Membership” shall not be responsible for FCM Assessments to NFA as set forth in NFA Bylaw 1301(b).

RULE 601. Block Trades

(10) A commodity trading advisor (“CTA”) registered or exempt from registration under the Act, including, without limitation, any investment advisor registered or exempt from registration under the Investment Advisors Act of 1940, or principal thereof, shall be the applicable entity for purposes of Sections (1), (3), (4) and (5), provided such

advisors have total assets under management exceeding \$25 million and the block trade is suitable for the customers of such advisors.

(11) A foreign Person performing a similar role or function to a CTA or investment advisor as described in Section 10, or principal thereof, and subject as such to foreign regulation, shall be the applicable entity for purposes of Sections (1), (3), (4) and (5), provided such Persons have total assets under management exceeding \$25 million and the block trade is suitable for the customers of such Persons.

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