

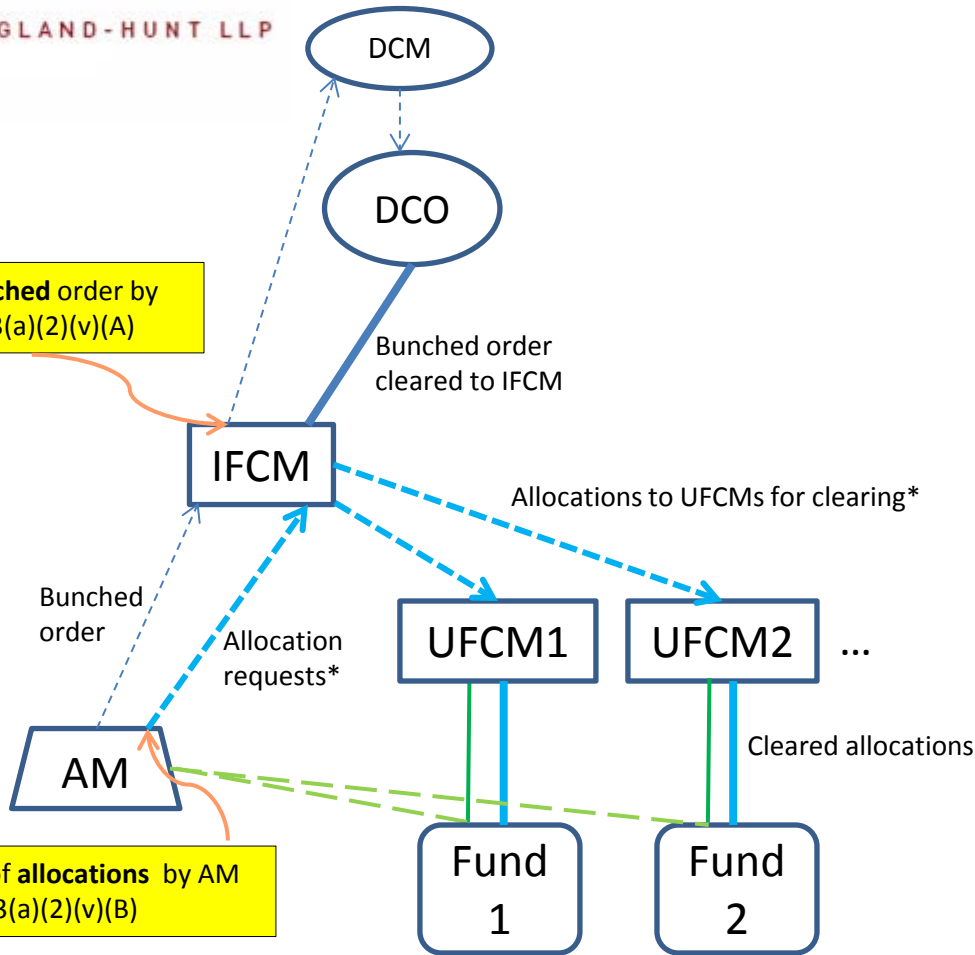
Trade is light blue dotted line, requested by Fund, executed on exchange by EB, given up by EB to FCM, and resulting in a cleared trade (heavy blue line) for Fund, cleared through FCM.

Under the existing give-up agreements, FCM has the power to set limits, and reject EB-executed trades that exceed such limits.

Under §1.73(a)(2)(iv), FCM must provide limits to EB, and EB must agree to screen trades against such limits.

Diagram 2: Bunched order without give-up – IFCM executes and clears bunched order

Screening of **bunched** order by IFCM under §1.73(a)(2)(v)(A)



Bunched order is grey blue dotted line, requested by AM, executed on the DCM by IFCM also acting as EB (so no give-up from third party EB), resulting in a cleared bunched trade (dark blue line), cleared through Initial FCM (IFCM). IFCM required to screen bunched order per §1.73(a)(2)(v)(A).

Under the existing clearing arrangements for Fund 1 with Ultimate FCM1 (UFCM1), and for each further fund with each of its respective UFCMS, each UFCM has the power to set limits, and reject trades submitted for clearing that exceed such limits.

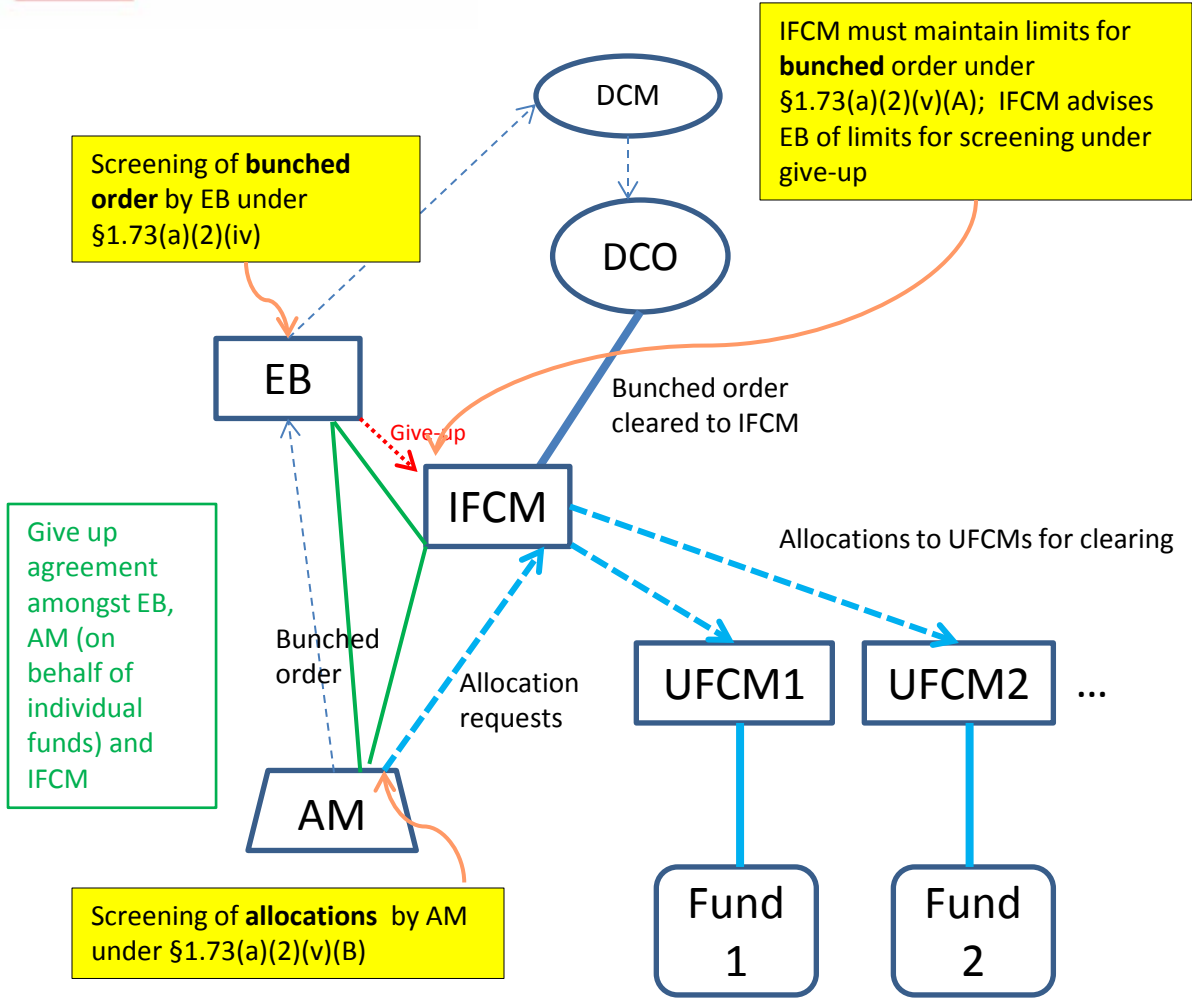
Under §1.73(a)(2) (v)(B), each UFCM must provide limits to the AM, and the AM must agree to screen allocations against such limits, at the time it is prepared to request the allocations.

The AM submits such screened allocations for the bunched trade cleared by the IFCM. The allocations are dispatched to each UFCM for clearing acceptance.

AM acts as agent for each of Fund 1, 2, etc as principals, as recognized under the individual clearing agreements designated by green lines. AM may allocate trades to each fund and its respective UFCM under such clearing agreements.

*Note: Allocations requests and processing will occur at DCO

Diagram 3: Bunched order with give-up – EB executes the bunched order and gives up to IFCM for clearing



Bunched order is grey blue dotted line, requested by AM, executed on DCM by EB. EB gives up to IFCM, resulting in a cleared bunched trade (dark blue line), cleared through IFCM. The IFCM is required to maintain and screen for limits per §1.73(a)(2)(v)(A). Because there is a give-up arrangement in place, the IFCM provides the EB with limits, and the EB must agree to screen the bunched orders requested by the AM against such limits under §1.73(a)(2)(iv).

As in the prior allocation example, under §1.73(a)(2)(v)(B), each UFCM provides limits to the AM, and the AM must agree to screen allocations against such limits, at the time it is prepared to request the allocations. The AM submits such screened allocations for the bunched trade cleared by the IFCM. The allocations are dispatched to each UFCM for clearing (dotted light blue lines).