

MBS Source eTrading, Inc. ATS Rulebook

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INTRODUCTION

These Participant System Guidelines (“Guidelines”) provide information about the trading platform (the “System”) of MBS Source eTrading, Inc. (“MBSE”), which is a wholly-owned subsidiary of MBS Source Holdings, Inc. The Guidelines are intended to cover all trading functionality on the System, ATS functionality and all other trading activities facilitated by MBSE as a broker-dealer.

The Guidelines are available to Participants on the System, and are supplemental to, and do not supersede, the applicable Onboarding Agreement entered into by each Participant with MBSE. Each Participant's access to and use of the System shall be governed by the applicable Onboarding Agreement and the Guidelines. Unless stated expressly otherwise herein, the Onboarding Agreement takes precedence over any inconsistent terms in the Guidelines to the extent of any inconsistency.

Information contained in the Guidelines are subject to change at any time. Please refer to the System for the latest version of the Guidelines.

ABOUT THE MBS ETRADING SYSTEM

MBSE operates a leading electronic trading platform that enables fixed-income market participants to efficiently trade mortgage and asset-backed securities. Institutional investor and broker-dealer firms use our System to access liquidity in U.S. Through our All-to-all protocols, we execute bond trades between and among institutional investor and broker-dealer clients in an anonymous trading environment in which MBSE acts as the matched principal counterparty. We also offer a number of trading-related products and services, including: analytics automation and market data products to assist clients with trading decisions; connectivity solutions that facilitate straight-through processing; and technology services to optimize trading environments.

Our System’s innovative technology solutions are designed to increase the number of potential trading counterparties on our System and create a menu of solutions to address different trade sizes and bond liquidity characteristics. Our System also provides our broker-dealer clients a solution that enables them to efficiently reach our institutional investor clients for the distribution and trading of bonds. Key trading protocols on the System include:

- All-to-all - Our All-to-all protocols complement our RFQ model by increasing the number of potential counterparties and improving liquidity by allowing all participants to interact anonymously in an all-to-all trading environment.
 - Live Markets is an order book based trading protocol which enables Participants to anonymously submit live (subject) bids and offers for bonds and interact with resting bids and offers.
 - Bids Wanted in Competition (BWICs), allows Participants to auction their bid lists, by soliciting bids from matched Participants, and awarding trades if certain criteria are met.
 - Disclosed (bilateral) trading, allows for counterparties to choose to identify themselves to potential counterparties while still taking advantage of our all All-to-all infrastructure.
 - Offers Wanted in Competition (OWICs) allows Participants to submit requests for offers to other Participants matched at a CUSIP or Filter level.
- Automation Solutions –

- Excel Workflow Solutions (EWS), allows Participants to automate the analysis of live offers and BWICs, by leveraging Excel Add-in from any analytics provider (YieldBook, Bloomberg, Aladdin, etc.)
- MBSS Service operates as a fully automated analytics service with no human intervention to calculate yields, OAS, WAL, etc. for bonds offered on our ATS or bonds from the Participant's portfolios.
- Market Reports, distill in a graphical format yields and spreads of different asset classes compared to Treasury yields, helping Participants to identify opportunities in the structured products market.
- MVAL is our market based pricing model, providing guidance to Participants on where to bid (when buying) or offer their bonds (when selling).

We are a party to all trades, except for the disclosed (bilateral) Transactions that occur on our System, serving as counterparty to both the buyer and the seller in matching back-to-back trades which are then settled through MBSE's clearing or a third-party clearing broker.

DEFINITIONS

"Affiliate" means any Person, any other Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, such Person;

"Applicable Law" means all applicable laws, regulations, regulatory requirements (including any guidance, orders or other directions of a regulatory authority), market rules, sanctions, and all judgments, orders, instructions or awards of any court or competent authority and applicable to: (a) MBSE; or (b) a Participant (or Principal as the case may be); and in each case having regard to the context;

"ATS" means MBS eTrading ATS, an Alternative Trading System as defined by Regulation ATS under the Exchange Act;

"Confidential Information" means information about the disclosing party's (or any of its clients') business activities that is proprietary and confidential, which shall include all business, financial, technical and other information of a party marked or designated by such party as "confidential" or "proprietary," or information which, by the nature of the circumstances surrounding the disclosure, ought in good faith to be treated as confidential; **"Disclosed RFQ"** is defined in Section 7.1;

"Eligible Instrument" is defined in Section 10.2;

"ESP" means an executable streaming price;

"ERISA" means the Employee Retirement Income Security Act of 1974;

"Exchange Act" means the Securities Exchange Act of 1934;

"Fedwire" means the Fedwire Funds Service;

"FICC" means the Fixed Income Clearing Corporation;

"FINRA" means the Financial Industry Regulatory Authority;



“Insolvency Event” means the occurrence of any of the following circumstances with respect to a Participant: (a) the Participant is declared insolvent or is unable or admits inability to pay its debts as they fall due or suspends making payments on any of its debts; (b) any step, application or proceeding has been taken by or against the Participant or in respect of the whole or any part of its undertaking, for a voluntary arrangement or composition or reconstruction or rescheduling of its debts, winding up, bankruptcy, dissolution, administration, receivership or otherwise or any similar proceeding in any jurisdiction; (c) the appointment of a liquidator, trustee, receiver, administrative receiver or similar officer; (d) a voluntary or involuntary petition for a bankruptcy order; or (e) any similar action, application or proceeding in any jurisdiction under Applicable Law to which it is subject;

“Market Abuse” means any behavior that constitutes market abuse, market manipulation or insider trading or any other similar or analogous behavior prohibited or subject to sanctions under Applicable Law;

“Match” means the match of a Bid with an Offer on MBS eTrading

“Onboarding Agreement” means the applicable agreement between a Participant and MBSE relating to such Participant's use of the System, as replaced or amended from time to time, including any supplemental terms or amendments thereto;

“Onboarding Documentation” means the applicable supporting documentation that may be required by MBSE from the Participant from time to time in connection with the Participant's application to become a Participant;

“All-to-all Transaction” means any Transaction which is executed by a Participant anonymously over the System with another anonymous All-to-all Participant where MBSE (or a third party) is selected by each Participant as the matched principal counterparty to such Transaction. Each Open Trading Transaction is comprised of two separate Transactions, one in which MBSE buys from the selling All-to-all Participant and one in which MBSE sells to the buying All-to-all Participant;

“Participant” means an entity that has been admitted as a member of the System pursuant to Section 2 hereof. Additionally, to the extent a Participant uses the Live Markets or Mid-X trading protocols, it is a Subscriber of the ATS;

“Principal” means an underlying entity, or client of a Participant, on behalf of whom a Participant executes Transactions (whether disclosed and/or identified to MBSE or not);

“QIB” means a Qualified Institutional Buyer as defined in SEC Rule 501 of Regulation D;

“Regulation ATS” means 17 CFR 242.300;

“Relevant Regulator” means any regulatory authority that has jurisdiction over MBSE, including, for the avoidance of doubt, FINRA, MSRB, and the SEC;

“SEC” means the Securities and Exchange Commission;

“Subscriber” means a Participant who has subscribed to participate on the ATS;

“Trading Protocols” means, collectively, RFQ Trading Protocols (as defined in Section 7), ATS Trading Protocols (as defined in Section 8)

“**Transaction**” means a transaction executed via the System by a Participant (including, for the avoidance of doubt, and unless the context expressly states otherwise, each leg of an All-to-all Transaction); and

ACCESS TO THE SYSTEM

1. Eligibility

1.1 MBSE will only consider an applicant for admission as a Participant of the System (subject to Section 2.4) if:

- (a) The applicant carries on business from an establishment maintained in a jurisdiction in which MBSE is permitted to provide the System under all Applicable Laws; and
- (b) It is a broker-dealer registered under Section 15(b) of the Exchange Act, a QIB, a SMMP or otherwise, if applicant, as determined by MBSE in its sole discretion, meets the criteria to be a Participant of the System.

together, the "Participant Eligibility Criteria".

2. Admission

2.1 Applicants wishing to become Participants on the System must satisfy the following conditions:

- (a) They must satisfy the Participant Eligibility Criteria;
- (b) They must have passed any required KYC, sanctions and anti-money laundering checks (including providing any such additional information as MBSE may require to satisfy such checks);
- (c) For Participants who wish to access All-to-all protocols, they must have been approved by MBSE as a counterparty after passing all required credit checks and any other eligibility checks MBSE may reasonably require; and
- (d) They must have acknowledged that they have read, understood and agreed to be bound by the Guidelines.

together, the "Admission Criteria".

2.2 Applicants must submit the following to MBSE:

- (a) A signed Onboarding Agreement applicable to the category of Participant (as shall be determined by MBSE);
- (b) Completed and signed Onboarding Documentation; including, as applicable and without limitation, a signed QIB and/or SMMP certification form; and
- (c) any such additional information as MBSE may reasonably require to enable it to assess whether or not the applicant meets the Admission Criteria.

2.3 Once MBSE has received all the relevant documentation and information, MBSE will decide whether or not to admit an applicant as a Participant of the System. MBSE may reject an

applicant if it does not meet the Admission Criteria or if MBSE considers in its sole discretion to not accept the applicant as a Participant.

2.4 MBSE will grant a Participant access to the System on an Eligible Instrument by Eligible Instrument basis.

2.5 MBSE may require additional Onboarding Documentation as a condition to grant a Participant access to certain Trading Protocols on the System.

2.6 Participation on the System at any time after the publication of a Notice constitutes deemed acknowledgement and acceptance by a Participant of such Notice ("participation" includes, for the avoidance of doubt, access to information and/or the execution of Transactions over the System by such Participant).

2.7 Notwithstanding Section 2.3, MBSE will review the application of an applicant to the ATS in a fair and non-discriminatory manner to determine if the Admission Criteria are met.

3. Termination or Suspension of Access

3.1 A Participant may resign from its status as a Participant by terminating its Onboarding Agreement in accordance with its terms.

3.2 MBSE may suspend or terminate a Participant's right to access and/or use the System if:

- (a) the Participant's Onboarding Agreement is terminated in accordance with its terms;
- (b) the Participant does not trade on the System for an extended period of time as determined by MBSE;
- (c) MBSE becomes aware that the Participant has made a misrepresentation to MBSE or another Participant or has otherwise breached Applicable Law in any material respect;
- (d) MBSE becomes aware that an Insolvency Event has occurred in relation to the Participant; or
- (e) MBSE deems it necessary in its sole discretion to ensure a fair and orderly market on the System, to uphold the integrity of the System, to comply with Applicable Law, or if so required by a Relevant Regulator.

3.3 A Participant whose right to use the System has been suspended or terminated shall:

- (a) remain subject to the Guidelines in respect of acts and omissions while it was a Participant and shall comply with any request for information in relation to the period of its participation which MBSE may make at any time following the termination of its participation; and
- (b) remain subject to the Guidelines in respect of any outstanding obligations under the Guidelines until those obligations are satisfied. Participant shall remain responsible for all obligations, including settlement, relating to trades executed prior to termination.

3.4 MBSE may suspend or terminate a Participant's right to access All-to-all protocols if:



- (a) MBSE, in its sole discretion, no longer wishes to extend credit to Participant;
- (b) the Participant refuses to follow MBSE's instructions or rulings in accordance with the CETP; or
- (c) any event under Section 3.2 has taken place.

4. Fees

4.1 A Participant shall be subject to fees as set forth in the Participant's Onboarding Agreement, and published at <https://mbssource.com/trading-blotter/commision-structure> which may be amended from time to time.

4.2 If a Participant utilizes a System functionality which is not described or contemplated in the Participant's Onboarding Agreement, Participant shall pay such fees as determined by MBSE, and noticed, from time to time.

5. Access via Third Party Platforms

5.1 Subject to the foregoing, a Participant may engage in Transactions through the System by entering orders via one or more third party vendor platforms ("Third Party Platform"), which includes third party order management system providers.

5.2 Participants must, at their own cost and expense, provide all equipment, operating platforms and software to use the Third Party Platform, which shall meet any minimum standards and requirements for such equipment, operating platforms and software as may be specified by MBSE from time to time. MBSE will have no liability for any such equipment or connections, nor any liability for any damage thereto.

5.3 Participants accept the risk of using the Third Party Platform. MBSE gives no assurance that the Third Party Platform will be error free or operate properly in conjunction with the System. Participants will be solely responsible for any losses, damages or costs that Participants may incur as a result of accessing the System via the Third Party Platform.

5.4 Participants are responsible for ensuring the System's security in connection with its use of the Third Party Platform.

5.5 MBSE has no responsibility for transmissions, instructions or orders that are inaccurate, altered by the Third Party Platform or not received by MBSE via the Third Party Platform, and may execute any Transaction on the terms actually received by MBSE. A Participant's obligations and responsibilities associated with executed orders shall be binding even if such orders were submitted in error or are claimed by the Participant to have been unauthorized, unsuitable or inaccurate. Accordingly, each Participant must honor in full all obligations and responsibilities relating to Transactions executed by the System via a Third Party Platform.

5.6 MBSE may restrict, suspend or terminate a Participant's access to and use of the System via the Third Party Platform at any time, without notice or liability.

5.7 Participants must abide by the terms and conditions of their agreements with a Third Party Vendor and must immediately inform MBSE if made aware of any security breach, malfunction or other material issue regarding the Third Party Platform.

TRADING

6. Hours of operation

6.1 Subject to Sections 6.2 and 6.3, the System and the ATS will be open for business Monday to Friday (each, a "Trading Day") except that it shall not be available between 6 pm Eastern Time to 7pm Eastern Time each Trading Day or from 6pm Eastern Time each Friday until 7 pm Eastern Time each Sunday, nor during any other scheduled maintenance slots or as may otherwise be determined by MBSE.

6.2 The System will follow the U.S Holiday Recommendations published by the Securities Industry and Financial Markets Association ("SIFMA") for determining Trading Days on which the System will be closed or have reduced trading hours.

6.3 There is nothing to prevent or restrict the right of MBSE to extend (or reduce) trading hours generally, or in relation to any Eligible Instrument, during the course of any Trading Day. MBSE will provide reasonable (under the circumstances) advance notice of any extension or reduction of trading hours.

7. Trading Protocols

The System operates the following Trading Protocols (as may be amended by any technical updates, revisions or rebranding of such Trading Protocols from time to time):

7.1 "Disclosed RFQ"

Under the Disclosed RFQ Trading Protocols, the System facilitates Transactions between Participants that have established bilateral relationships for the purpose of executing trades opposite one another ("Disclosed RFQ"). Disclosed RFQ inquiries may be sent to a single Participant or to multiple Participants.

Disclosed RFQ trading is conducted on a fully-disclosed basis, such that the parties disclose to each other who they are when posting or responding to an RFQ, and clearing and settlement of Transactions executed pursuant to Disclosed RFQ occurs directly between the Participants without any MBSE involvement.

7.2 "All-to-all"

"All-to-all Transactions" are Transactions which are executed by a Participant anonymously over the System with another Participant where MBSE (or a third party) is selected by each Participant to the All-to-all Transaction as the matched principal counterparty to such Transactions; provided; however; that disclosed All-to-all Transactions allow for a Participant engaging in an All-to-all Transaction to disclose their identity to potential counterparties when posting an RFQ.

The terms applicable to All-to-all Transactions where MBSE (or a third party) serves as the matched principal counterparty to the All-to-all Transaction and disclosed All-to-all Transactions are set forth in APPENDIX I.

8. ATS Trading Protocols

8.1 “Live Markets”

“Live Markets” is an order book based trading protocol subject to Regulation ATS. Live Markets will enable Participants to anonymously submit live and subject bids and offers for Eligible Instruments listed for trading on Live Markets, submit limit orders to interact with resting bids and offers on Live Markets, and participate in multi-party “work-up” sessions at levels established by trading activity on Live Markets. Live Markets Transactions take place via All-to-all.

The terms applicable to Live Markets are set forth in APPENDIX IV.

9. Securities Eligible for Trading

10.1 The decision whether or not to admit an instrument to trading on the System is at the sole discretion of MBSE.

10.2 The type and nature of financial instruments capable of admission to trading on the System is limited to the following:

- Collateralized Mortgage Obligations (CMOs): Agency and Non-Agency
- Specified Pools (Passthroughs)
- Asset-Backed Securities
- Commercial Mortgage-Backed Securities (CMBS)
- Structured Notes (mortgage based)
- SBA Pools
- Collateralized Debt & Loan Obligations(mortgage based CDO/CLOs)• any other category of financial instrument determined and notified to Participants by MBSE from time to time (together, the "Eligible Instruments").

10.3 Instruments offered for trading on the System may be offered only on certain trading protocols on the System. Such decisions shall be at the sole discretion of MBSE.

10.4 MBSE may suspend or remove a particular Eligible Instrument from trading on any or all parts of the System if MBSE deems this necessary in order to comply with the Guidelines, maintain a fair and orderly market on the System, to comply with Applicable Law or in response to a request from a Relevant Regulator, or for any other reason at its discretion, including, but not limited to extreme volatility in the Eligible Instrument.

9. Clearing and Settlement

9.1 All All-to-all Transactions with MBSE as counter-party settling via DTC or Fed. The counterparty MPID to all non-ATS broker-dealer trades with MBSE as counterparty is "MBSE".



9.2 MBSE may suspend a Participant's All-to-all privileges in the event that a Participant fails consistently and systematically to deliver transferable securities on the intended settlement date or otherwise in accordance with Applicable Law.

9.3 Transactions that are effected on a bilateral basis occur between the relevant two Participants who must be permissioned to trade with each other. MBSE shall not be a party to, or be responsible or liable to a Participant under, or in connection with, such Transactions. MBSE will, however, provide or make available to each Participant the details of each Transaction in order to facilitate the prompt settlement of these Transactions by that Participant. Each Participant shall have adequate arrangements in place for the clearing and settlement of Transactions. In particular, each Participant shall ensure that every Transaction is settled in accordance with Applicable Law.

9.4 By entering into an All-to-all Transaction, a Participant agrees that it shall be responsible for any charges, fees, penalties or other costs incurred by MBSE resulting from the Participant's failure to deliver securities or cash for such transaction by the required settlement date (each, a "Fails Expense"). Participant also agrees that the failure of MBSE to seek to recover any Fails Expense in any one transaction or in multiple transactions shall not constitute a waiver of the foregoing rights with regard to any other All-to-all Transaction that results in a Fails Expense. The claim of a Fails Expense by MBSE shall not be without prejudice to any other rights or remedies available to MBSE, and shall not constitute a waiver of MBSE's right to exercise any other remedy.

10. Trade Reporting

10.1 MBSE reports All-to-all Transactions in TRACE-Eligible securities to the FINRA Trade Reporting and Compliance Engine ("TRACE"). All Participants shall also comply with any applicable FINRA trade reporting requirements in relation to All-to-all Transactions.

10.2 MBSE is not responsible for reporting Transactions that occur on a disclosed basis, including via Disclosed RFQ. All Participants are responsible for complying with any applicable FINRA trade reporting requirements in relation to Disclosed RFQ Transactions.

10.3 Transaction reports for Live Markets Transactions will indicate that the Transactions were executed on an ATS.

11. Trade Messages and Confirmations

11.1 Following each Transaction, the System provides trade messages to each Participant containing the details of that Transaction. Subject to MBSE approval and System functionality, the configuration and method of delivery of these messages will depend upon the Participant's systems settings and method of connectivity to the System.

11.2 MBSE is not responsible for sending confirmations pursuant to Exchange Act Rule 10b-10 for Transactions taking place via Disclosed RFQ. Participants are responsible for sending confirmations for Disclosed RFQ Transactions as required by Exchange Act Rule 10b-10.

11.3 MBSE shall send confirmations for All-to-all Transactions as required by Exchange Act Rule 10b-10.

12. Clearly Erroneous Trade Policy

12.1 In order for MBSE to provide a level of protection for All-to-all Participants, maintain a fair and orderly market, and enable MBSE to manage the risks attendant in acting as a matched principal counterparty on the System, MBSE utilizes a Clearly Erroneous Trade Policy (“CETP”) to address trade errors and disputes involving or arising from All-to-all protocols. As set forth in the CETP, Participants must agree to be bound by the CETP and any determinations made by MBSE thereunder in order to utilize any All-to-all functionality.

12.2 The CETP is set forth in APPENDIX V.

13. Rule 15c2-11

13.1 Broker-dealer Participants may only provide quotations for the following trading functionalities if such Participant has determined that the quoted security or its issuer meets the criteria in Appendix A of the SEC’s No-Action Letter dated December 16th, 2021¹:

- (a) Live Markets;
- (b) Initiating a RFQ; and
- (c) Axe Functionality (both name disclosed and anonymous).

13.2 It is each broker-dealer Participant’s responsibility to ensure that its quote is compliant with the No-Action Letter for the functionality set forth in Section 13.1 above. The System will not enforce a block on any security due to SEC Rule 15c2-11 as each broker-dealer Participant may reach a different determination regarding the Appendix A criteria.

MARKET CONDUCT

14. General

14.1 Participants are expected, in the conduct of their business and participation on the System, to observe high standards of commercial honor and just and equitable principles of trade. Participants must adhere to all applicable laws, rules and regulations and, among other things, must not:

- (a) Engage in any activity that purports to quote the bid price or asked price, or any non-quoted interest, for any Eligible Instrument, unless such Participant believes that such quotation or interest represents a bona fide bid for, offer for, or order for such Eligible Instrument;
- (b) Request quotes for any Eligible Instrument on the System unless such activity represents a bona fide interest in engaging in a Transaction in such Eligible Instrument;
- (c) Utilize quotes received on the System to engage in transactions away from the System;
- (d) Enter into Transactions, or enter orders, that employ fictitious devices or any other form of deception or contrivance;

¹ This SEC no-action letter can be found at <https://www.sec.gov/files/fixed-income-rule-15c2-11-nal-finra121621.pdf>

- (e) Engage in any type of behavior that could adversely affect fair and orderly trading on the System, including degradations of its technology platform; or
- (f) Commit any act or engage in any behavior or Market Abuse that causes or contributes to a breach of the System and/or the Guidelines, or applicable laws, rules and regulations, by another Participant, or MBSE.

14.2 MBSE will monitor Participant usage of the System in order to identify breaches of the Guidelines, or any applicable laws, rules and regulations, disorderly or disruptive trading activities, or

conduct that may involve Market Abuse. In the sole discretion of MBSE, any evidence suggesting inappropriate market conduct may lead to Participant suspension or removal from the System.

14.3 MBSE may report such breaches as it deems necessary and appropriate to the appropriate regulatory agencies, self-regulatory organizations or law enforcement officials and provide such regulatory bodies full cooperation in investigating and prosecuting such behavior as warranted.

15. Complaints

15.1 If a Participant has a complaint about MBSE, or another Participant's conduct in using the System, such complaint should be made in writing (including by electronic mail) and addressed to:

Compliance Department
MBS Source eTrading, Inc.
9725 SE 36th Street, Suite 202
Email: compliance@mbssource.net

GENERAL

16. Confidentiality

16.1 Both MBSE and Participant agree (i) that they will not disclose to any third party or use any Confidential Information disclosed to it by the other party, except as provided in the Onboarding Agreement or the Guidelines; and (ii) that it will take all reasonable measures to maintain the confidentiality of all Confidential Information of the other party in its possession or control, which will in no event be less than the measures it uses to maintain the confidentiality of its own information of similar importance. Please see APPENDIX IV and APPENDIX VIII for additional information related to ATS confidentiality.

17. Business Continuity Plan Disclosure Statement

17.1 Please refer to the MBSE Business Continuity Plan at: [BusinessContinuityPlanSummary.pdf \(mbssource.com\)](#)



18. Amendments

18.1 MBSE may, in its absolute discretion, and at any time, supplement, amend, or replace the Guidelines partially or wholly.

18.2 Participants shall be notified of any such change to the Guidelines by notice (a "Notice") which will be issued to all Participants giving reasonable prior notice for any material changes. MBSE may make any non-material changes without prior notice.

18.3 Any such Notices shall supplement and form part of the Guidelines effective from the date specified in the Notice. Such notification may be made by letter, e-mail or notice on the MBSE Website describing the relevant changes or by otherwise sending to Participant an electronic copy of the amended Guidelines. Continued participation on the System (in accordance with Section 2.6) following the expiry of the notice period stated in the relevant Notice constitutes deemed acceptance by the Participant of the amendments and acknowledgement of the revised Guidelines. In the event there is no express notice period in a Notice, the effective date of any proposed amendment shall be the date 30 days from the date of the Notice.

19. Governing Law; Consent to Jurisdiction

19.1 The Guidelines and their enforcement will be governed by the laws of the State of Washington (without giving effect to the conflict of law principles thereof). If the parties mutually agree, disputes, claims or controversies between User and MBS eTrading may be arbitrated in accordance with the rules of the Financial Industry Regulatory Authority, as they are in effect at the time of such dispute. Alternatively, actions, suits or proceedings hereunder may be commenced in the Federal or State courts of competent jurisdiction located in King County, Washington, which courts will have exclusive jurisdiction over any such action, suit or proceeding. Each party hereby agrees to commence actions, suits or proceedings only in such courts, and waives any objections based on venue, jurisdiction, or forum non conveniens in the event of any such action, suit or proceeding.

20. Contact Us

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Sales: (206) 973-3258
Mailing Address: 9725 SE 36th Street, Suite 202
Mercer Island, WA 98040
Email: support@mbssource.net



APPENDIX I – ALL-TO-ALL TERMS OF USE

1. Application

1.1 All-to-all functionality allows Participants to execute Transactions with MBSE or a third party selected and approved by a Participant as the matched principal counterparty to such Transactions. All-to-all Transactions are conducted on an anonymous basis whereby each of the two counterparties to the All-to-all Transaction do not know the identity of the contra party at any point; provided; however; that Disclosed All-to-all Transactions allow for a Participant engaging in an All-to-all Transaction to disclose their identity to potential counterparties when posting an RFQ.

1.2 MBSE hereby extends the License in the Onboarding Agreement to cover a Participant's use of the System for the purposes of entering into All-to-all Transactions via the System, subject to

(a) Counterparty credit risk approval; and

(b) Any other approval which may be deemed necessary by MBSE as a prerequisite for entering into All-to-all Transactions.

1.3 Terms applicable to All-to-all are set out in this Appendix I and only apply where a Participant executes an All-to-all Transaction, and where MBSE is selected by the relevant Participant as a matched principal counterparty prior to execution.

1.4 The terms in this Appendix I are supplemental to the Onboarding Agreement and apply to a Participants' use of All-to-all. Subject to paragraph 1.2 of APPENDIX I (with respect to the Onboarding Agreement only), in the event that a Participant has already entered into supplemental All-to-all terms with MBSE and where such terms have not been expressly terminated, such terms shall apply to the extent those terms are inconsistent with this APPENDIX I.

1.5 MBSE shall not be obliged to identify any Participant involved in an All-to-all Transaction under any circumstances.

2. Instructions

2.1 In respect of any instruction transmitted by a Participant to execute an All-to-all Transaction ("OT Instruction"):

(a) each Participant will be responsible for and bound by all contracts, obligations, costs and expenses entered into in consequence of or in connection with OT Instructions; and

(b) MBSE may, in its absolute discretion, decline to accept any All-to-all Instruction a Participant may give, or having accepted it, refuse to act on it, if MBSE believes that the All-to-all Instruction concerned (or the consequences of it) would be improper, unlawful or clearly erroneous in accordance with the MBSE Clearly Erroneous Trade Policy as set forth in APPENDIX V.

3. Agency and Allocation

3.1 In the event that a Participant, acting as agent, executes an All-to-all Transaction on behalf of a Principal, the Participant will allocate the All-to-all Transaction either to a single Principal or to more than



one Principal and shall notify MBSE, or MBSE's settlement agent (as notified by MBSE) of such allocation. The allocation and notification shall be made as soon as possible and, in any event before the close of business on the Trading Day following the All-to-all Transaction date. Pursuant to such allocation each Principal shall be responsible only for that part of the All-to-all Transaction allocated to it, provided that the Participant as agent allocates the entire All-to-all Transaction to one or more Principals.

3.2 Where a Participant is acting as agent on behalf of a Principal, then with effect from execution of the All-to-all Transaction, a contract on the terms of the All-to-all Transaction shall be deemed to have been entered into between MBSE and each Principal or Principals in question, regardless of the whether or not the Principal was disclosed or identified at the time of execution of the All-to-all Transaction.

3.3 An All-to-all Transaction entered by Participant may indirectly involve a matching trade with an ultimate counterparty located in another jurisdiction. In such cases, in addition to MBSE acting as a matched principal to that transaction, any of MBSE's Affiliates may also act as a matched principal counterparty to that transaction.

3.4 For the avoidance of doubt, MBSE shall not act as agent for any Participant under All-to-all.

4. Default

4.1 In addition to any rights available to it under the Onboarding Agreement, in the event of a trade fail or Insolvency Event in respect of a Participant in an All-to-all Transaction, subject to and in addition to remedies available under applicable law, MBSE may close out, terminate, void or reverse all or any part of any All-to-all Transaction to which the defaulting Participant is a party and instruct its settlement agent not to settle all or any part of such All-to-all Transaction.

4.2 By entering into an All-to-all Transaction, a Participant agrees that it shall be responsible for any charges, fees, penalties or other costs incurred by MBSE resulting from the Participant's failure to deliver securities or cash for such transaction by the required settlement date (each, a "Fails Expense"). Participant also agrees that the failure of MBSE to seek to recover any Fails Expense in any one transaction or in multiple transactions shall not constitute a waiver of the foregoing rights with regard to any other All-to-all Transaction that results in a Fails Expense. The claim of a Fails Expense by MBSE shall not be without prejudice to any other rights or remedies available to MBSE, and shall not constitute a waiver of MBSE's right to exercise any other remedy.

5. Clearing and Settlement

5.1 In respect of all All-to-all Transactions subject to these terms, MBSE will be responsible for all obligations, including settlement, relating to its side of the All-to-all Transaction.

6. Fees

6.1 MBSE will adjust quotes displayed to an All-to-all Participant in the amount of the applicable All-to-all Transaction fee payable to MBSE for All-to-all Transactions. Any additional fees shall be as set forth in the Participant's Onboarding Agreement.

7. Other

7.1 Participants are responsible for determining whether any tax liability may arise from their Transactions, and for applying for any relevant exemption from such taxes. Participants are solely liable for the payment of any taxes in relation to their Transactions.

7.2 The Clearly Erroneous Trade Policy set out in APPENDIX V shall apply to All-to-all.

APPENDIX II - LIVE MARKETS TERMS OF USE

1.1 The Live Markets protocol (“Live Markets”) is an ATS registered with the SEC and will only be available to Participants that have: (i) been approved for All-to-all and (ii) provided written notice to MBSE that they wish to transact via this protocol.

1.2 The Clearly Erroneous Trade Policy set out in APPENDIX V and the All-to-all Terms set out in APPENDIX I, shall each apply to Live Markets.

1.3 Live Markets will facilitate trading in a subset of US high-grade and high-yield bonds, emerging market bonds and European high-grade and high-yield bonds chosen by MBSE based on individual levels of liquidity, overall market conditions, length of time from the date of issuance and Subscriber demand. MBSE will have sole discretion as to which instruments will be available for trading on Live Markets and may add or remove an individual instrument from Live Markets at any time. Instruments must have a CUSIP in order to be selected to appear on Live Markets.

1.4 Live Markets will support limit-based orders. When posting a resting order or submitting an aggressing order, a limit level will be required. Execution will take place at a level no worse than the limit level set on each individual order. All limit levels will undergo a check against the MBSE bid-ask tolerance range prior to posting. The MBSE bid-ask tolerance range is based on Composite+ and will vary by bond and side (bid/ask) and will be updated every 15 seconds. If Composite+ is not available, the All-to-all desk will use reasonable efforts to manually set the MBSE bid-ask tolerance range. Limit levels that fall outside the MBSE bid-ask tolerance range will be rejected, provided, however, that aggressing orders outside of the MBSE bid-ask tolerance range may be manually approved by the All-to-all desk on a case-by-case basis.

1.5 For liquidity providers, Live Markets will support posting live resting orders. Live resting orders are firm, actionable, and will execute as soon as they are aggressed against.

1.6 Live Markets is an ATS and, as such, is subject to Rule 15c3-5. As such, Participants shall adopt, implement and enforce control procedures that, at a minimum: (i) prevent unauthorized access to, use or misuse of Live Markets, (ii) limit access to Live Markets to authorized persons of Participant and (iii) prevent entry of orders that exceed any internal risk-based limits.

1.7 In order to maintain confidentiality of information in the ATS, Live Markets has the following controls in place:

(a) The ATS restricts internal access to non-public pre-trade Subscriber data (i.e. Subscriber identities, hidden size, unmatched work-up interest) to its All-to-all desk and supervisors. This desk requires access to this information in order to assist with System issues and Subscriber questions as they occur;

(b) The ATS restricts internal access to non-public post-trade Subscriber data (i.e. Subscriber identities, trade size over block size) to employees with access to the MBSE Control Center. The MBSE



Control Center provides access to trading information to employees with a business need to do so (i.e. sales coverage, technologists, compliance, finance); and

(c) The ATS requires all employees and outside service providers to sign confidentiality agreements that explicitly set forth the requirements applicable to each. Employees are required to annually reaffirm their adherence to firm policy.

1.8 Live Markets Transactions shall take place via All-to-all.

1.9 MBSE reserves the right at any time, without prior notice and without any liability of MBSE, to temporarily or permanently suspend or terminate Participant's use of Live Markets.



APPENDIX III - CLEARLY ERRONEOUS TRADE POLICY

Clearly Erroneous Trade Policy for Anonymous Trades on the MBS eTrading System

MBS Source eTrading, Inc. (“MBS eTrading”) offers anonymous trading protocols in order to broaden the pool of potential trading parties available on the MBS eTrading System (referred to as “All-to-all”). In these circumstances, MBS eTrading is interposed as the trading counterparty on a matched principal basis between the two relevant All-to-all participants (“Participants”) who have agreed to the parameters of the transaction, thereby preserving their anonymity. In order for MBS eTrading to provide a level of protection for Participants, maintain a fair and orderly market and enable MBS eTrading to manage the risks attendant in acting as a matched principal counterparty on the MBS eTrading System (the “System”), MBS eTrading will use this Clearly Erroneous Trade Policy (“Policy”) to address trade errors and disputes involving or arising from All-to-all protocols. MBS eTrading only acts as counterparty in order to facilitate All-to-all and MBS eTrading makes All-to-all protocols available solely on the condition that each Participant has agreed to abide by MBS eTrading’ determinations under this Policy.

BY USING ANY OF MBS ETRADING’ ALL-TO-ALL PROTOCOLS IN WHICH MBS ETRADING IS A COUNTERPARTY TO A TRADE, EACH MBS ETRADING PARTICIPANT AGREES TO BE BOUND BY, AND COMPLY WITH, THIS POLICY. IF YOU DO NOT AGREE TO BE BOUND BY, AND COMPLY WITH, THIS POLICY, DO NOT USE ANY ALL-TO-ALL PROTOCOLS OR FUNCTIONALITY. THIS POLICY IS SUPPLEMENTAL TO, AND DOES NOT SUPERCEDE, THE APPLICABLE USER OR DEALER AGREEMENT ENTERED INTO BY EACH PARTICIPANT WITH MBS ETRADING.

1. Policy and Definitions

If MBS eTrading determines, in its sole discretion, that an All-to-all transaction is a Clearly Erroneous Trade (as defined below) or is the result of, or otherwise impacted by, a System Disruption or Malfunction (as defined below), MBS eTrading may either (i) cancel the trade or (ii) modify the terms of the trade, *provided* that any such modification shall be subject to consent by the Participants that are parties to the applicable All-to-all transaction and, if such agreement is not reached, MBS eTrading may cancel the trade.

A “Clearly Erroneous Trade” is defined as the execution of a trade that MBS eTrading determines, in its sole discretion:

- (i) is at a pricing level (e.g., price, spread, yield, discount margin or other applicable pricing convention) that is clearly inconsistent with the current or expected market for that security at the time of execution;
- (ii) is on any term (e.g., identification of the security, side, size, benchmark, trading with or without accrued interest) that is inconsistent with prevailing market practice or that

- (iii) MBS eTrading believes would have reasonably appeared to the contra-All-to-all participant to have been entered or calculated in error under the given circumstance; is rejected by, or is otherwise incapable of normal settlement and clearing by, MBS eTrading or MBS eTrading' designated third party clearing firm (e.g., below minimum size, government sanctions), including the leg involving the contra-All-to-all participant; or
- (iv) would otherwise be detrimental to market integrity or inconsistent with just and equitable principles of trade.

A "System Disruption or Malfunction" is defined as:

- (i) any disruption, malfunction or technical failure in the System, including any electronic communications, which MBS eTrading determines, in its sole discretion, results in the System, or any part of the System, not operating as intended by MBS eTrading or a trading instruction being incorrectly processed by the System;
- (ii) the incorporation into, or use by, the System of any incorrect calculation, reference price or reference data that MBS eTrading determines, in its sole discretion, to be incorrect, stale or otherwise erroneous;
- (iii) in relation to any automated trading protocols, the failure of the System or MBS eTrading to correctly apply the trading criteria, defaults or settings entered by the Participant; or
- (iv) for instruments trading on a spread, the failure, as determined by MBS eTrading in its sole discretion, of the System to use the benchmark pricing accepted by the bond market as the convention for such instrument or the failure of the System to use current prices of such benchmark during the spotting process.

2. Catastrophic Errors

In the event of a Catastrophic Error, MBS eTrading shall have the right to (i) initiate a review of any All-to-all transaction regardless of whether a party to the transaction has timely requested a review and (ii) determine that all All-to-all transactions impacted by the Catastrophic Error, as determined by MBS eTrading in its sole discretion, shall be cancelled in accordance with Section 5 (Determinations). A "Catastrophic Error" will be deemed to have occurred when (i) 4 or more Participants or 10 or more transactions are impacted by a System Disruption or Malfunction, even if such trades are not otherwise Clearly Erroneous Trades or (ii) a single Participant causes, or is involved in, 10 or more Clearly Erroneous Trades in a single day.

3. Request for Review

Review of any trade may be initiated by a Participant that is a party to the applicable All-to-all transaction pursuant to Section 4 below or by MBS eTrading. MBS eTrading reserves the right to initiate a review of a trade prior to trade settlement, regardless of whether a party to the trade has requested a review, if MBS eTrading determines, in its sole discretion, that circumstances warrant such a review.

In all circumstances, the trade will remain an obligation of the Participants that are the parties to the All-to-all transaction and subject to any agreements between



MBS eTrading and such Participants until MBS eTrading notifies such Participants by e-mail that the trade has been adjusted or cancelled pursuant to this Policy.

MBS eTrading reserves the right, in its sole discretion, to determine that a trade was not clearly erroneous and should not be canceled when the market for the security at the time of execution of the trade was too volatile or illiquid for MBS eTrading to discern the then-current or expected market level of the security. Although the MBS eTrading system may provide a pre-trade warning that the market for a security is, or recently has been, volatile, the absence of such a warning does not mean that MBS eTrading will be able to discern the then-current or expected market level of the security in the event of a trade review.

4. Review Process

To request a trade review, a Participant that is a party to the applicable All-to-all transaction must notify MBS eTrading by telephone at (206) 973-7352 or via email to support@mbssource.net within thirty (30) minutes of the execution of the trade for all other All-to-all transactions. Review requests must include the following information:

- Trade ID (s)
- Issuer Name and CUSIP/ISIN
- Number of bonds
- Spread/Price(s)
- Side (bought or sold)
- Factual basis for believing that the execution is either a Clearly Erroneous Trade or the result of a System Disruption or Malfunction

In determining whether a trade is either a Clearly Erroneous Trade or the result of a System Disruption or Malfunction, MBS eTrading will utilize any information, and consult with any relevant parties, that in its sole discretion it deems adequate or appropriate, including, without limitation:

- Trades on the System or publicly reported trades which occurred prior to and following the alleged error trade;
- Indicative pricing available on the System or sourced from third parties;
- Outgoing calls to independent third party participants on the System to determine the expected level for the security traded at the time in question;
- MBS eTrading' in-house market knowledge and expertise;
- Whether the Participant requesting the review is the liquidity provider or the liquidity taker;
- Whether any material news had been disseminated by or about the particular security or the issuer of the security prior to the time of execution, as well as the timing of such news dissemination; and
- The promptness of the trade review request.

Any electronic or other communications involving the terms of a trade will also be a significant consideration in determining whether such trade is considered a Clearly Erroneous Trade or the result of a System Disruption or Malfunction.

5. Determinations

Each trade review request will be considered on a case-by-case basis by an authorized principal of MBS eTrading. In the event that a party properly requests a trade review or if MBS eTrading initiates a trade review, MBS eTrading will promptly notify the trading desk or trade support operations of the other party to the trade by phone or electronic communication. MBS eTrading will use its commercially reasonable efforts to resolve any trade review within four business hours of the time that the trade review is commenced. MBS eTrading will notify the involved parties of any final determination by an electronic communication. All decisions by MBS eTrading pursuant to this Policy are final and not subject to further review or appeal. The party requesting a trade review may withdraw its request by telephone at (206) 973-7352 or via email to support@mbssource.net at any time prior to the time MBS eTrading notifies the parties to the transaction of its final determination.

Upon the communication by MBS eTrading of any final determination of a trade review, each Participant shall promptly implement the determination. If the final determination by MBS eTrading is that an All-to-all transaction shall be cancelled, MBS eTrading and each affected Participant shall cancel all trade legs associated with the All-to-all transaction at issue (including any back-to-back transactions) and amend any previously submitted transaction reports, as applicable, in accordance with market convention (unless both Participants have agreed to modify the terms of the trade in accordance with Section 1 of this Policy). If the final determination by MBS eTrading is that an All-to-all transaction shall stand, the relevant Participants shall take such steps as may be necessary to settle such transaction in accordance with market convention.

In no event can resolution of trade errors or disputes occur under this Policy after the trade has settled.

6. Voluntary Accommodations

In the event that a trade is not eligible for review under this Policy (e.g., due to a review request being initiated later than the applicable deadline after the trade), a Participant to such trade may request that MBS eTrading attempt to reach a mutually agreed upon trade adjustment, cancellation or reversal with the contra-All-to-all participant, although MBS eTrading will be under no obligation to do so. In such instance, MBS eTrading solely facilitates such requests by contacting the counterparty for assent to voluntarily amend, cancel or reverse the subject transaction; however, MBS eTrading will not have any discretion over the actions of counterparties in this regard.

7. Participant Responsibilities

Participants are responsible for ensuring the accuracy and completeness of all pricing information transmitted to the trading system. Accordingly:

- Traders should inspect each offer or bid prior to submitting it to the MBS eTrading platform;
- Traders should use available software warnings and protections;
- Traders should review trade details promptly after execution; and
- An assertion that a Participant made a mistake in entering an offer or bid, or that a Participant failed to pay attention or update a quote, may not be sufficient for MBS eTrading to determine that a trade is considered a Clearly Erroneous Trade.



No price adjustment or cancellation can be assured or guaranteed and a trade will stand unless and until MBS eTrading notifies the Participants by e-mail that the trade has been adjusted or cancelled.

8. Refusal to Abide by MBS eTrading Determinations; Disputes

Use of any of MBS eTrading' All-to-all protocols constitutes acceptance of MBS eTrading' right to cancel any trade as described in this Policy. MBS eTrading shall not be liable for losses or damages arising as a result of MBS eTrading' action or inaction pursuant to this Policy. Each Participant shall reimburse MBS eTrading for any losses, costs or expenses MBS eTrading incurs as a result of such Participant's failure to abide by MBS eTrading' determinations under this Policy.

9. Amendments to the Policy

MBS eTrading may amend, modify, supplement, or replace this Policy upon notice to Participants, without Participants' explicit affirmative consent, upon 30 days' advance notice of the effective date of the amendment, modification, supplement, or replacement of the Policy.