



POLICY RESPECTING INVALIDITY OF TRADES USING

Purpose of Policy

Progressive Fuels Limited (“THE BROKER”) desires to maintain a fair and orderly market and to ensure that at all times all trades appropriately comply with regulations and with any rules that are established by and regulatory authority. To do so, THE BROKER reserves for itself the right, in its sole and absolute discretion, to declare a trade invalid. Any decision by THE BROKER on invalidity is final.

To assist users of THE BROKER in better understanding when THE BROKER may exercise its discretion to declare a trade invalid, THE BROKER has created this Policy Respecting Invalidity of Trades. This Policy has been created for guidance only and nothing in this Policy shall be read in any way as limiting THE BROKER's sole and absolute discretion in determining whether to declare a trade invalid. In the exercise of its sole and absolute discretion, THE BROKER may vary its decision from this Policy at any time and may amend the terms of the Policy at any time.

General

Generally, THE BROKER will declare a trade invalid on the basis that the price is not representative of the market price. THE BROKER wishes to reduce the adverse market impact that will occur from trades at prices not representative of market value. However, THE BROKER will also declare a trade invalid if THE BROKER believes there has been a breach of any applicable regulations or rules, including any rules or regulations made by THE BROKER. Finally, THE BROKER may declare a trade invalid if the volume traded exceeds limits regarded by THE BROKER as reasonable.

THE BROKER's discretion to invalidate a trade may be exercised even when there has not been a request from a market user to do so. However, if a market user wishes THE BROKER to consider an alleged error trade for invalidation, the market user should identify the trade to THE BROKER as promptly as possible and, in any event, within five minutes of the time of the original trade. THE BROKER will endeavor to decide whether to invalidate a trade promptly after the trade has been identified. Any decision of THE BROKER will be full and final.

Main Considerations

Factors considered by THE BROKER in determining, in its sole and absolute discretion, whether to invalidate a trade, include:

(a) whether the price of the trade is less than or greater than a price regarded by THE BROKER as reasonable in the circumstances; (b) whether the volume of the trade is greater than a volume regarded by THE BROKER as reasonable in the circumstances; (c) current market considerations, including levels of activity and volatility; (d) price movements within the current trading session for the specific delivery month of the trade in question as well as for other delivery months of the same contract; (e) the time period between different quotes and between quoted and traded prices; (f) whether there has been reliance by another THE BROKER user or client on the price; (g) whether the trade has, or may, trigger stops or result in the execution of spread trades; (h) timing of the trade, particularly its proximity to the close of the trading session; (i) manifest error; or (j) any other factor THE BROKER regards as relevant.

While THE BROKER reserves the right to invalidate trades, in its sole and absolute discretion, a component of market integrity is the assurance that trades, once executed, will be invalidated only in exceptional circumstances. Any trade that does not have an adverse effect on the market will not likely be invalidated, even if executed in error. Generally, a trade will not be invalidated if it falls within a range of prices regarded by THE BROKER as reasonably within a no cancellation range. In determining this no



cancellation range, THE BROKER will consider, among other things, the front contract month (or if the front month is nearing expiration, the delivery month with the most open interest), the previous night's settlement price, the opening call price, the last traded price and the volatility of trading.

Notification

THE BROKER will immediately notify the market by means of a broadcast message on THE BROKER that an error on a trade has been alleged or is being reviewed. This notification will provide details of the trade being reviewed including contract month, price and volume; however the identities of the counterparties to the trade being reviewed will not be disclosed. THE BROKER will notify market users by a further broadcast message whether the trade has been invalidated or left standing. THE BROKER will then contact the parties to the trade to explain THE BROKER's decision. THE BROKER will not disclose to a party to the trade the identity of its counterparty.

THE BROKER will endeavor to make a decision on an alleged error trade or other trade being reviewed as soon as reasonably possible after the time of the original trade and will endeavor to make a decision within 15 minutes after the time of the original trade.

Investigation

THE BROKER reserves the right to investigate an alleged error trade or other trade being reviewed for invalidity as THE BROKER, in its sole and absolute discretion determines, including consulting other market users and participants. THE BROKER will not disclose the identities of the counterparties to the trade being reviewed to anyone with whom THE BROKER may consult.

Consequential Trades

THE BROKER will take into account a broad variety of market factors in considering whether to invalidate a trade, including whether any consequential trades have resulted. If a trade is invalidated, THE BROKER may invalidate or allow to stand, in its sole and absolute discretion, any consequential trades.

When determining a situation involving consequential trades, THE BROKER will consider the individual circumstances and merits of each case. THE BROKER will consider, among other things, whether the trade being reviewed triggered contingent orders, resulted in the execution of spread trades or resulted in a market user relying on the price of the trade being reviewed to execute consequential trades. Another factor to be considered will be whether any consequential trade was made before or after THE BROKER notified the market of the trade being reviewed.

Cancellation

A trade invalidated by THE BROKER will be cancelled and will be displayed on THE BROKER as a cancelled trade.

Options

Any review by THE BROKER of an option trade will determine if the trade was executed at a premium that is representative of the option's market value. In conducting this review, THE BROKER will apply what THE BROKER believes to be reasonable option deltas to the price of the underlying futures contract. If an option trade is determined by THE BROKER, in its sole and absolute discretion, to be not representative of the market value for that option at the time of its execution, THE BROKER will invalidate that option trade.



Finality of Decisions

All decisions made by THE BROKER under this Policy are in THE BROKER's sole and absolute discretion. Each situation will be assessed by THE BROKER on its individual circumstances and each decision by THE BROKER is full and final.