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Ms. Jean A. Webb
Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, N.W.
Washington, D.C. 20581

Reference File #2539.01
Rule Certification

Dear Ms. Webb:

Pursuant to Commission Regulation 40.6(a), the Chicago Board of Trade (CBOT[®]) hereby submits the following:

- **Amendments in CBOT Rulebook Chapters 1 through 6, 9 through 13, 18, 21, 23 through 25, 27 through 33, 35, 36, 43 and 44 per the attached texts (additions underlined; deletions struck through).**

These amendments generally will update terminology throughout the Rulebook by replacing the term "Association" with the term "Exchange" in reference to the CBOT. Additionally, the amendments will remove various provisions which have become obsolete.

The CBOT intends to implement these amendments no sooner than one day after the Commission's receipt of this filing.

There were no opposing views among the CBOT's Board of Directors regarding these amendments.

The CBOT certifies that these amendments comply with the Commodity Exchange Act and the rules thereunder.

Sincerely,

Paul Draths
Vice President and Secretary

b021505

Additions are underlined; Deletions are ~~struck through~~.

170.01 Office of Investigations and Audits - Under authority of Rule 170.00 there is established a Department of the ~~Association~~Exchange to be known as the Office of Investigations and Audits. The Office shall function under the supervision of an individual who shall be at least a Vice President of the ~~Association~~Exchange. The Office of Investigations and Audits shall initiate and conduct investigations and audits on behalf of the President and Chief Executive Officer and on behalf of the ~~Association~~Exchange. No employee of such office shall have any interest in the business of any member, member firm, or other person with trading privileges. The individual who supervises such Office shall function also as a liaison officer between the Business Conduct Committee and the Financial Compliance Committee and the Commodity Futures Trading Commission. 1785 (08/01/94)

170.03 Department of Member Services - ~~Under the authority of Rule 170.00 there is established a Department of Member Services.~~ The function of such the Department of Member Services shall be (1) to act in accordance with Regulations of the ~~Board~~Exchange and policies and procedures established by the Membership Committee and (2) to develop and process information ~~on~~in behalf of the Board, the Membership Committee, the Business Conduct Committee and all other Committees and Departments of the ~~Association~~Exchange. The services of such Department shall not, however, be used in connection with the investigation of market positions nor shall it demand information from which knowledge of market positions could be obtained. The Department shall function under the supervision of a Vice President who shall be a full time employee of the ~~Association~~Exchange. No employee of such Department shall have an interest in the business of any member or member firm.

Except as otherwise provided, all financial information obtained by the Department shall be considered confidential and shall be disclosed only to the appropriate committee or department requesting the information or to an Officer of the Exchange.

~~**170.04 Department of Member Services** - Any irregularities that may be found by the Department incidental to its routine analysis of financial statements shall be immediately reported to the Financial Compliance Committee. Except as otherwise provided, all financial information obtained by the Department shall be considered confidential and shall be disclosed only to the appropriate committee or department requesting the information or to an Officer of the Association. 1788 (08/01/94)~~

~~**170.05 Department of Member Services** - The Board, Committees and Departments of the Association shall make the fullest possible use of the services provided by the Department of Member Services consistent with their respective responsibilities and special needs, and in cooperation with such Department shall work out and establish policies and procedures governing the use of such services. 1789 (08/01/94)~~

170.07 Market Report DepartmentQuotations - ~~The records and reports of the Market Report Department~~Market quotations shall be considered and treated as portions of the official records of the ~~Association~~Exchange and may not be given out or

disseminated except pursuant to the conditions and restrictions prescribed by these Regulations.

The Exchange shall have charge of all matters relating to collection, dissemination, and use of quotations in connection with ~~commodities or securities~~ commodity futures or options traded on the Exchange. It shall have the ~~power~~ authority to approve or disapprove any application for quotation service to a non-member or transmission of quotations from a member or member firm to any non-member person or entity, by means of to any wire or wireless connection, telephonic or telegraphic wire or wireless connection between the office of a member or a member's firm and the office of any corporation, firm, or individual not a member of the Association transacting a banking or brokerage business and it ~~The Exchange~~ shall have ~~power~~ the authority at any time to disapprove the furnishing of any such quotation service or any such ~~wire or wireless connection~~ transmission and to require the discontinuance thereof. It may inquire into wire or wireless connections of every kind whatsoever between ~~the office of a member~~ and any member or non-member, and may require the discontinuance of any such connection. 1030 (08/01/94)

180.01 Physical Emergencies - In the event the physical functions of the ~~Association-Exchange~~ are, or are threatened to be, severely and adversely affected by a physical emergency such as but not limited to fire or other casualty, bomb threats, substantial inclement weather, power failures, communications or automated system breakdowns, or transportation breakdowns, either the Chairman, the President, or in their absence a member of the Executive Committee or another officer of the Exchange, is authorized to take such action as he shall deem necessary or appropriate to deal with such emergency including but not limited to suspending trading, provided that no trading suspension shall continue for more than five days without the approval of the Board under Rule 180.00; restoring trading; temporarily extending, limiting or changing the hours of trading; and extending the last day of trading and the delivery dates for expiring contracts. In addition, an officer of the Exchange, or his designee, may take such action as he shall deem necessary or appropriate to deal with a physical emergency, even if the Chairman and the President are not absent, if such authority has been delegated by the Chairman and the President. (06/01/00)

188.01 Governing Members Possessing Material, Non-Public Information - No member of the ~~Association-Exchange~~ who is a member of the Board of Directors or a Committee of the ~~Association-Exchange~~ knowingly shall use or disclose, for any purpose other than the performance of such member's official duties as a member of the Board of Directors or any such Committee, material, non-public information obtained as a result of such member's participation on the Board of Directors or any such committee. (08/01/94)

200.00 Applicants-Eligibility for Membership - Any individual, other than an employee of the ~~Association-Exchange~~, at least twenty-one years of age, of good character, reputation, financial responsibility and credit who satisfies the ~~Membership Committee-Exchange~~ that such individual is suitable to assume the responsibility and privileges of membership shall be eligible.

201.00A Examination Requirement - Individuals applying for membership, ~~who have not evidenced a broad experience in the commodity industry, will~~ may be required to pass a general futures qualifying examination covering the basics of the commodity industry designated by the Exchange before their membership applications ~~can~~ will be approved.

201.02 Maintenance of Membership Qualifications

1. Each applicant for membership, ~~in accordance with the provisions of Regulation 203.01,~~ member and member firm immediately shall notify the Exchange/Association, in writing, upon the occurrence of any of the following events:

- Such applicant's, member's or member firm's suspension or expulsion from any other ~~contract market~~ exchange or self-regulatory organization;
- Such applicant's, member's or member firm's plea of guilty to or conviction of any felony.

Failure to so notify the ~~Association~~ Exchange within ten days of the occurrence of such an event shall be an act detrimental to the ~~Association~~ Exchange. For the purpose of this regulation, "felony" shall mean any criminal sanction that is punishable by imprisonment of more than a year or a fine in excess of \$10,000.

Upon the ~~Association's-Exchange's~~ receipt of notification, by whatever means, of the occurrence of any of the above-referenced events, the matter shall be referred to the Membership Committee, which immediately shall review the matter to determine if there is sufficient basis to recommend that the member's or member firm's membership status be reconsidered. The Membership Committee shall advise the Chairman of the ~~Association-Exchange~~ of its determinations in this regard.

2. The Chairman of the ~~Association~~ Exchange, upon the advice of the Membership Committee, is authorized to take summary action pursuant to this regulation, when immediate action is necessary to protect the best interests of the marketplace, without affording prior opportunity for hearing. The following procedures shall apply to such actions:
 - (a) The respondent shall, whenever practicable, be served with a notice before the action is taken. If prior notice is not practicable, the respondent shall be served with a notice at the earliest possible opportunity. The notice shall:
 - (1) State the action,
 - (2) Briefly state the reasons for the action, and
 - (3) State the effective time and date and the duration of the action;
 - (b) The respondent shall have the right to be represented by legal counsel or any other representative of his choosing in all proceedings subsequent to any summary action taken;

- (c) The respondent shall be given an opportunity for a subsequent hearing, within five business days, before the Membership Committee. The hearing shall be conducted in accordance with the following requirements:
- (1) The hearing shall be promptly held before disinterested members of the hearing body after reasonable notice to the respondent. No member of the hearing body may serve on that body in a particular matter if he or any person or firm with which he is affiliated has a financial, personal or other direct interest in the matter under consideration.
 - (2) Formal rules of evidence need not apply, but the hearing shall not be so informal as to be unfair;
 - (3) The respondent shall have the right to invoke Rule 548.00, if applicable;
 - (4) The Member Services Department shall be a party to the hearing and shall present its case on those matters which are the subject of the hearing;
 - (5) The respondent shall be entitled to appear personally at the hearing and to be represented by counsel;
 - (6) The respondent shall be entitled to cross-examine any person(s) appearing as witness(es);
- (d) Within five business days following the conclusion of the hearing, the Membership Committee shall render a written decision based upon the weight of the evidence contained in the record of the proceeding and shall provide a copy to the respondent. The decision shall include:
- (1) A description of the summary action taken;
 - (2) The reasons for the summary action;
 - (3) A brief summary of the evidence produced at the hearing;
 - (4) Findings and conclusions;
 - (5) A determination that the summary action should be affirmed, modified, or reversed; and
 - (6) A declaration of any action to be taken pursuant to the determination specified in (5) above and the effective date and duration of such action.
3. After the hearing conducted pursuant to Section 2 above is held before the Membership Committee, the following additional provisions shall apply.

The Regulatory Compliance Committee, pursuant to the provisions of Rule 540.00 and Regulation 540.05, shall consider the Membership Committee's findings and recommendations, as well as the record developed before the Membership Committee, at the next regularly scheduled meeting of the Regulatory Compliance Committee or at a meeting specially called by the Chairman as the Chairman may direct. The member under review shall have the opportunity to appear before and

address the Regulatory Compliance Committee solely with regard to the record made before the Membership Committee; the Regulatory Compliance Committee shall not be required to entertain any new evidence absent a showing that such evidence could not reasonably have been presented previously to the Membership Committee. Upon full consideration of all the evidence before it, the Regulatory Compliance Committee may confirm the member's good standing status, restrict the member's membership status, deny the member's floor access, issue fines, or recommend to the Board of Directors that the member should be expelled or prohibited from association with any member or member firm.

4. The Regulatory Compliance Committee shall vote by secret ballot to take any action pursuant to this regulation. If two-thirds of the members present and voting cast votes in favor of such action, the action shall be adopted.

202.02 Procedures for Hearings on Preliminary Denials by the Membership Committee - In connection with all hearings conducted with respect to preliminary denials of applications for membership or any other denial by the Membership Committee, the following procedures shall be followed:

- (a) The respondent shall be entitled in advance of the hearing to examine all ~~books, documents, or other tangible evidence~~ in the possession or under the control of the ~~Association-Exchange~~ upon which the Member Services and Member Firm Staff Services-Department will rely in presenting the issue(s) contained in the Preliminary Denial Letter or which are relevant to ~~that~~ (those) issue(s). The Respondent shall make his or herits request to examine any materials such documents by submitting it in writing to the Member Services and Member Firm Staff Services-Department as soon as practicable. At least ten (10) business days in advance of the hearing, the respondent shall submit to the hearing officer, with a copy to the Member Services and Member Firm Staff Services-Department, copies of all documents which the respondent intends to rely upon in presenting his or her case, as well as the names of any witnesses the respondent intends to call.
- (b) The Member Services and Member Firm Staff Services-Department shall be entitled in advance of the hearing to examine all ~~books, documents, or other tangible evidence~~ in the possession or under the control of the respondent which will be relied upon by the respondent in ~~presenting~~ addressing the issue(s) contained in the Preliminary Denial Letter or which are relevant to those issues. The Member Services and Member Firm Staff Services-Department shall make its request to examine any ~~materials such documents~~ by submitting it in writing to the respondent as soon as practicable. At least ten (10) business days in advance of the hearing, the Member Services and Member Firm Staff Services-Department shall submit to the hearing officer, with a copy to respondent, copies of all documents which the Member Services and Member Firm Staff Services-Department intends to rely upon in presenting its case, as well as the names of any witnesses the Department intends to call.
- (c) Any dispute over a request to examine any ~~book, document, or other tangible evidence~~ in the possession or under the control of either party shall be submitted to

the Chairman of the Committee for resolution only after the parties have made all reasonable attempts to resolve the dispute among themselves;

- (d) ~~If objected to or upon its own motion,~~ The hearing panel may refuse to consider any ~~book, record, document or other tangible evidence~~ which was not made available to the opponent of the evidence or was not disclosed in accordance with this paragraph. The panel may also exclude the testimony of any witness whose name was not submitted to the opponent of the witness as provided above. The hearing panel may consider such evidence or testimony upon a clear showing that such evidence was not ascertainable by due diligence at least ten (10) business days in advance of the hearing and that there was insufficient time prior to the hearing to bring such evidence to the attention of the opposing party;
- (e) The hearing shall be promptly held before disinterested members of the Membership Committee or any duly appointed Subcommittee thereof after reasonable notice to the parties. No member of the Membership Committee may serve on a hearing panel in a particular matter if he or she or any person or firm with which he or she is affiliated has a financial, personal or other direct interest in the matter under consideration, or has a relationship with the respondent, of the type described in Regulation 188.04(a).
- (f) After service of the preliminary denial letter, both parties to the hearing are prohibited from making any *ex parte* contacts with any member of the Membership Committee. For the purpose of this paragraph, an "*ex parte* contact" shall mean any communication, either written or oral, which relates directly or indirectly to the issue to be heard and which is made to a member of the Membership Committee who will be a member of the panel which shall decide the issue.
- (g) Formal rules of evidence need not apply, but the hearing shall not be so informal as to be unfair;
- (h) The respondent shall have the right to invoke Rule 548.00, if applicable;
- ~~(i) The Member Services and Member Firm Staff Services Department shall be a party to the hearing and shall present its case on those issues which are the subject of the hearing;~~
- (j) The respondent shall be entitled to appear personally at the hearing and to be represented by counsel;
- (k) The parties shall be entitled to cross-examine any person(s) appearing as witness(es);
- (l) The parties shall be entitled to call witnesses and to present such evidence as may be relevant to the issue(s) presented;
- (m) Pursuant to Rule 545.00, all persons within the jurisdiction of the Association Exchange who are called as witnesses shall be obliged to appear at the hearing and/or to produce evidence;
- (n) A substantially verbatim record of the hearing, capable of being accurately transcribed, shall be made and shall become part of the record of the proceeding.

205.00 Agreement to Observe Rules and Regulations -Applicants for membership shall be required to sign a written agreement to become familiar with, observe and be bound by the ~~Charter~~Certificate of Incorporation, Bylaws, Rules, and Regulations of the ~~Association~~Exchange, and all amendments subsequently made thereto.

205.01 Acquisition of Units of Ceres Trading Limited Partnership—Any person or entity who acquires ownership of a membership or a membership interest after July 17, 1992 shall, simultaneously with the acquisition of ownership of such membership or membership interest, purchase a unit of limited partnership interest of Ceres Trading Limited Partnership, a Delaware limited partnership, of the appropriate sub-class (as set forth in Section 3.8 of the Agreement of Limited Partnership governing Ceres Trading Limited Partnership) from the person or entity from which he, she or it is acquiring ownership of the membership or membership interest. (the “Transferor”) or if such Transferor does not own a unit of limited partnership interest of Ceres Trading Limited Partnership, from the General Partner of Ceres Trading Limited Partnership. The proceeds payable to a Transferor who does not own a unit of limited partnership interest of Ceres Trading Limited Partnership shall be equal to (a) the aggregate proceeds paid by the Purchaser for the membership or membership interest plus a unit of limited partnership interest reduced by (b) the amount paid to the General Partner for such unit of limited partnership interest under Section 10.3(b) of the Agreement of Limited Partnership. The acquisition of ownership of a membership or membership interest shall constitute a request of the acquirer that the books and records of Ceres Trading Limited Partnership reflect the acquirer’s agreement to be bound by the Agreement of Limited Partnership. (08/01/94)

208.01 Conducting Business Under a Firm Name—An individual conducting business under a firm name as a sole proprietor pursuant to Rule 208.00 shall submit a statement to the Department of Member Services of this Association giving the name, address, and nature of the business conducted. The member shall report immediately any change in the required information.

209.00 Indemnification of Association-Exchange - In any legal proceeding brought against the ~~Association~~Exchange and alleging its failure to prevent, detect or require certain conduct of a member or ~~registered eligible business organization~~member firm, which conduct or inaction is alleged to be in violation of any law or of the Rules and Regulations of the ~~Association~~Exchange, such member or ~~registered eligible business organization~~member firm shall indemnify and hold the ~~Association~~Exchange harmless for the full amount of any expense (including attorney’s’ fees), judgment or settlement paid by it in respect to such proceeding.

209.01 Floor-Trading Permits - The ~~Board of Directors~~Exchange may at any time in its discretion establish a limited number of ~~floor~~-trading permits as needed to promote orderly and liquid markets in new and existing contracts. Such permits shall convey to qualified individuals a temporary right to trade as principal and/or broker for others in designated contracts on the floor of the ~~Exchange~~ and/or on the e-cbot system. Such permits shall not be convertible into memberships or membership interests or carry any

other rights or incidents ~~privileges~~ not expressly specified in ~~creating such permits~~ by the Exchange.

~~209.02 — MidAmerica Floor Access Members' Trading Privileges —~~ Floor Access Members of the MidAmerica Commodity Exchange shall be eligible to trade as principal and as broker for others in Institutional Index futures contracts on the Exchange Floor. Such persons may communicate from the Exchange Floor with non-member customers in the same manner as members may do so, but only with respect to Institutional Index futures contracts.

~~In the exercise of these privileges, such persons shall be subject to the jurisdiction of the Association and to all duties and obligations imposed upon members, registered firms or other approved persons under the Rules and Regulations; provided, however, that the Board may exempt such persons from any such duty or obligation which, in its sole judgement, is incompatible or in conflict with, or is unrelated to, the activities performed by them. (08/01/94)~~

~~209.03 — Product Sponsor Programs —~~ The Board of Directors may at any time in its discretion establish product sponsor programs as needed to promote orderly and liquid markets in new contracts. A product sponsor program shall convey to qualified members and member firms such inducements as the Board may grant in return for a product sponsor's participation in a particular contract market. A product sponsor program shall not create any interests or carry any other rights or incidents thereto which are not expressly specified in creating the program. (08/01/94)

209.04 CBOT mini-sized Contract Permit Holders' Trading Privileges - Floor Access Members of the MidAmerica Commodity Exchange ("MidAm") who ~~are~~ were on record as of September 1, 2001 and who remained Floor Access Members thereafter, at least for as long as MidAm continues to have contracts listed for trading, ~~thereby~~ shall be classified as CBOT mini-sized Contract Permit Holders. These Permit Holders will be eligible to trade as principal and as broker for others in CBOT mini-sized Corn, Soybean, and Wheat futures and Rough Rice futures and futures options contracts on the Exchange Floor. Such persons may communicate from the Exchange Floor with non-member customers in the same manner as members may do so, but only with respect to CBOT mini-sized Corn, Soybean and Wheat contracts and Rough Rice contracts.

In the exercise of these privileges, such persons shall be subject to the jurisdiction of the Exchange and to all duties and obligations imposed upon members, ~~registered member~~ firms or other approved persons under the Rules and Regulations; provided, however, that the Exchange may exempt such persons from any such duty or obligation which, in its sole judgement, is incompatible or in conflict with, or is unrelated to, the activities performed by them.

~~The Board or a Committee designated by the Board~~ Exchange may, in its discretion, impose fees, charges and assessments upon Permit Holders pursuant to this regulation. (04/01/03)

~~212.00 — Reciprocal Trading Privileges with LIFFE —~~

~~(a) — (1) Subject to the provisions of the Link Agreement with LIFFE and the LIFFE rules, one who owns or is registered for an undelegated Full or Associate Membership~~

and is authorized by the Association for these purposes may (A) enter the trading floor of the LIFFE market, (B) trade contracts in the terms of Designated CBOT Contracts on the trading floor of the LIFFE market and (C) communicate from the trading floor of the LIFFE market to persons not on that floor, with respect to Designated CBOT Contracts.

——— (2) A member who trades contracts in the terms of Designated CBOT Contracts on the trading floor of the LIFFE market shall be eligible for member transaction fees assessed by the Exchange on positions transferred to the Clearing House.

——— (3) During any period when the rights granted by this Rule are being exercised at LIFFE, the membership may not be used by anyone to trade on the floor of the Exchange.

(b) — (1) Subject to the provisions of the Link Agreement with LIFFE and the rules and regulations of the Association, a member of LIFFE or a trader registered with a member of LIFFE (but not a leaseholder) who is authorized by LIFFE for these purposes, may (A) enter the floor of the Exchange, (B) trade contracts in the terms of Designated LIFFE Contracts on the floor of the Exchange and (C) communicate from the Floor of the Exchange with persons not on the Floor of the Exchange, with respect to Designated LIFFE Contracts.

——— (2) The primary clearing member of such a person, referred to in (b)(1) above, shall guarantee his obligations under Rules 252.00 and 253.00.

——— (3) Upon revocation of such a person's primary clearing authorization, the Secretary shall give written notice thereof to all members and delegates. Thereafter, all members and delegates who may have claims against him may file claims in the same manner as provided in Rules 252.00 and 253.00 of the Association. The primary clearing member shall be responsible for the payment of those claims allowed by the Board and not satisfied promptly by such a person whose primary clearing authorization has been revoked.

221.02 Floor Access of Delegating Members and Delegates

(a) A ~~full or associate~~ member who has delegated the rights and privileges of his only membership, or of all his memberships, ~~for any of the three trading segments,~~ pursuant to Rule 221.00, and who does not hold a Floor Clerk or Broker Assistant badge, shall not have physical access to the Floor of the Exchange ~~for such trading segment(s) during the effective period of such delegation(s);~~ provided that this Regulation shall not apply to "Twenty-Five Year Members" as described in Regulation 301.10.

Provided further, that members of the Board of Directors who have delegated the rights and privileges of their only membership, or of all of their memberships, may have physical access to the Floor of the Exchange to the same extent as do "Twenty-Five Year Members" as described in Regulation 301.10.

(b) ~~A delegate who does not hold a Floor Clerk or Broker Assistant badge shall not have physical access to the Floor of the Exchange during the trading segment(s) in which he is not entitled to the rights and privileges of membership.~~

221.08 ~~Requirements for Delegates of Membership Interests*~~ The Board, in its

~~discretion, may require that each person who is granted status as a delegate of a COM, GIM or IDEM Membership Interest pursuant to a delegation agreement entered into on or after (effective date to be determined), execute up to a specified percentage, not to exceed 20%, or a specified number not to exceed 200 of such person's round turn principal transactions per month in one or more contracts designated by the Board.~~

~~The Board may establish different proportions or levels applicable to each membership interest category, and any such proportion or level shall be applied in uniform fashion to every delegate in each respective membership interest category. Consistent with these standards, the Board may alter such proportion or level at any time.~~

~~Failure to comply with the provisions of this regulation or the directives of the Board adopted pursuant to this regulation may be considered an act detrimental to the welfare of the Association. Effective June 1, 1984. (08/01/94)~~

230.03 Designated Persons -

(a) Subject to approval by the ~~Association~~Exchange, which approval is in the absolute discretion of the ~~Association~~Exchange, each ~~eligible business organization ("member") of the Association~~member firm shall designate one or more senior managerial employees responsible for the member firm's financial, compliance, operational and ultimate supervisory obligations and activities as a member firm. Such individuals must either: (i) have a membership registered on behalf of the member firm, or (ii) be registered with the ~~Association~~Exchange by the member firm as a "Designated Person". A Designated Person shall be subject to the Rules and Regulations of the ~~Association~~Exchange as if a member; provided, however, that a Designated Person shall not be liable for the actions and/or omissions of other employees, agents or independent contractors if the member firm or the Designated Person demonstrates to the satisfaction of the ~~Association~~Exchange that all of his or her relevant conduct on behalf of the member firm was performed in good faith with reasonable care.

(b) Any individual who is not a registered member or Designated Person, or any nonmember eligible business organization entity, which holds more than a 25% financial interest in a member eligible business organization ("member") firm, or who or which exercises actual control over the management of the member firm may, at the ~~Association's~~Exchange's sole discretion, be required to execute a Consent to Jurisdiction in such form as may be prescribed by the ~~Association~~Exchange. Upon the member firm's request, the Membership and Financial Compliance Committees may exempt individuals and/or eligible business organizations/entities from this requirement for good cause shown.
(04/01/98)

230.04 Cooperative Association of Producers – ~~A lawfully formed and conducted cooperative association of producers having adequate financial responsibility, engaged in any cash commodity business, conforming to the following requirements:~~

~~FIRST: The Cooperative Association must have not less than 75 per centum of the voting capital stock or membership capital, in good faith owned and controlled, directly or indirectly by producers of agricultural products;~~

~~SECOND: The Cooperative Association, if organized without capital stock, shall not allow a member of the Cooperative Association more than one vote, or if organized with capital stock, the Cooperative Association shall not pay dividends on any class of capital stock in excess of 8 per cent per annum cumulative;~~

~~THIRD: The Cooperative Association shall not, during any fiscal year, deal in the products of non-members of the Cooperative Association to an amount greater in value than such as is handled by it for members of the Cooperative Association;~~

~~FOURTH: The Cooperative Association, not more frequently than semi-annually, may pay out of its accumulated or current earnings and savings, patronage dividends to members of the Cooperative Association only and upon the basis of business transacted with such members for the period covered by transactions in which such earnings and savings have accrued; and~~

~~FIFTH: The Cooperative Association, if organized under the Cooperative Laws of any state, or recognized as a cooperative association of producers by the United States Government, or any agency thereof;~~

~~may be a member firm of the Association with respect to all contracts and may be entitled to do business in cash grain on the Floor, by virtue of a membership held in the name of one of its duly authorized representatives and registered under Rule 230.00 on behalf of the cooperative association. A member who desires to designate such a cooperative association of producers for that purpose shall make application to the Membership Committee, giving therein such information as may be requested (Rule 230.00). Such designation may be terminated at any time by the Board, or by such member with the written approval of the Exchange. A cooperative association of producers shall be subject to all requirements and prohibitions contained in the Rules and Regulations applicable to members (except as may be exempted by the Commodity Exchange Act and the regulations of the Commodity Futures Trading Commission issued thereunder) and in such cases the member shall be subject to discipline and the membership subject to sale by the Board for the acts or delinquencies of the cooperative association.~~

230.06 Eligible Business Organization Member Firm Status Upon Death or Withdrawal of Registered Member - Upon the death or withdrawal of a member whose membership is registered on behalf of an eligible business organization member firm, where such death or withdrawal would result in failure of the eligible business organization member firm to meet the requirements of Rule 230.00, Rule 703.00, Regulation 230.02 or Regulation 230.05, the Exchange may, upon application of the registered eligible business organization member firm, grant the eligible business organization member firm an extension of privileges under the applicable Rules and Regulations for such period and under such conditions as the Exchange may fix. Upon the death or withdrawal of a member whose membership is registered on behalf of an eligible business organization member firm, the eligible business organization member firm shall, within five business days of such death or withdrawal, notify the Exchange of

the departure of its registered member. Failure to comply with the provisions of this Regulation shall be referred to the Business Conduct Committee, for possible disciplinary action pursuant to Rule 540.00.

230.07 Primary Clearing Member Permission for Member Registration - A member may register his or her membership for an ~~eligible business organization~~ member firm under Rule 230.00, if that ~~eligible business organization~~ member firm is not his or her Primary Clearing Member, only if he or she has written permission to do so from his or her Primary Clearing Member. Such written permission of the Primary Clearing Member must be filed with the Member Services Department.

~~**230.08 Doing Business in Firm (or Trade) Name** - No member may conduct business with the public as a partnership under a firm name unless the partnership has at least one general partner other than such member; provided, however, that if by death or otherwise, the member becomes the sole general partner of the firm, he or she may continue business in the firm name for such period as may be allowed by the Exchange.~~

~~**230.09 Formation of Partnerships or Limited Liability Companies** - When a member intends to form a partnership or admit other individuals to an existing partnership, he or she shall notify the Secretary in writing to that effect. On receipt of such notice from a member, the Secretary shall cause the same to be posted upon the bulletin board of the Association. A member shall promptly notify the Secretary of the retirement of any partner from the member firm partnership or of the dissolution of such partnership. When a member intends to form a limited liability company or admit other individuals to an existing limited liability company, he or she shall notify the Secretary in writing to that effect. On receipt of such notice from a member, the Secretary shall cause the same to be posted upon the bulletin board of the Association. A member shall promptly notify the Secretary of the retirement of any other member from the member firm limited liability company or of the dissolution of such limited liability company.~~

230.10 Suspended or Insolvent Members - A member shall not form a partnership or limited liability company nor, unless permitted by the Regulatory Compliance Committee, continue in a partnership or limited liability company with any of the following:

- (a) A member whose membership privileges have been suspended by the Association ~~Exchange~~;
- (b) Any person who has been expelled from the Association ~~Exchange~~ as permitted by Rule 560.00;
- (c) An insolvent person; or
- (d) Any previous member of the Association ~~Exchange~~ against whom any member holds a claim, which arises out of transactions made during the time of such membership and which have not been released or settled.

230.11 Discipline of Partners or Members of Limited Liability Companies - A member of the Association ~~Exchange~~ who is a general partner of a member firm of the

Association is liable to the same discipline and penalties for any act or omission of said firm as for his or her own personal act or omission, but the Regulatory Compliance Committee may, in its discretion, by a vote of not less than two-thirds of its members present, relieve him or her from the penalty therefor.

A member of the Association-Exchange who is also a member of a limited liability company which is a member firm of the Association is liable to the same discipline and penalties for any act or omission of said firm as for his or her own personal act or omission, but the Regulatory Compliance Committee may, in its discretion, by a vote of not less than two-thirds of its members present, relieve him or her from the penalty therefor.

~~230.12 Dissolution of Partnership or Limited Liability Company—Whenever it shall appear to the Regulatory Compliance Committee that a member has formed a partnership or limited liability company or has become an officer, employee, or stockholder of a corporation or established an office or headquarters or is individually, or through any member of his or her firm, interested in a partnership or other business organization, or has formed any business connection whatever whereby the interest or good repute of the Association may suffer, the Regulatory Compliance Committee may require the dissolution of any such partnership or limited liability company or discontinuance of such business office, or headquarters, or business connection as the case may be.~~

~~230.15 Financial Requirements—(See Reg. 285.05)~~

~~230.17 Changes in Organization – A member firm must notify the Exchange prior to~~ Any change in ~~its~~the organizational structure of a member firm requires the Exchange's prior approval. Organizational changes shall include, but not be limited to: i) a corporation, limited liability company, general partnership, limited partnership or sole proprietorship which is dissolved or which changes to another form; or ii) a merger or acquisition involving the member firm; or iii) replacement of any general partner or member of any limited liability company. Any failure to comply with this Regulation ~~and any such change in organizational structure that does not comply with the requirements to be a member firm shall~~may be referred to the Business Conduct Committee for possible disciplinary action ~~pursuant to Rule 540.00.~~ The Exchange may grant the member firm a period of time in which to come into compliance with the requirements for member firm status. The Business Conduct Committee may also determine whether such a member firm is entitled to member transaction fees for any time period in which the firm fails to comply with the requirements for member firm status.

~~241.00 Members in Military Service—The Board shall have authority to remit the assessments of a member during the period in which such member is in the military service of the United States, as such service is defined in the Soldiers' and Sailors' Civil Relief Act of 1940, as passed by Congress and as it may be amended.~~

241.01 Dues of Members in Military Service—In accordance with the authority granted the Board under the provisions of Rule 241.00 no assessment of a member shall be remitted under Rule 241.00 except under the following conditions:

1. — Each petition for the benefits of Rule 241.00 will be considered on its merits.
2. — No petition will be considered unless accompanied with funds sufficient to pay all dues up to and including the full month in which the Board acts on the request.
3. — No petition will be approved unless the petitioner became a member of the Association prior to January 1, 1953.
4. When a petition is granted the member is required to notify the Secretary promptly of the termination of his military service.

250.03 Power of Attorney—In connection with membership transfers and delegations, a power of attorney is permitted to be used only for the following functions;

1. — To submit a bid to purchase a membership or membership interest.
2. — To sign the membership register.
3. — To execute, amend, terminate or file a delegation agreement.

251.00 Membership Transfer - All purchases or sales of membership privileges shall be made pursuant to Regulations adopted by the Exchange and no commission or other compensation for services in connection with the purchase or sale of a membership in the Association Exchange shall be paid.

251.01 Member Under Investigation - No member may transfer his membership privileges by intra-family transfer under Regulation 249.01(d) and no member firm may transfer a firm-owned membership from one member employee to another employee under Regulation 249.01(b), unless the approval of the Regulatory Compliance Committee is first secured, when the member is under investigation by any standing committee or by a special committee appointed under the provisions of Rule 541.00 the Exchange or when disciplinary charges are preferred have been filed against him or when he is under suspension for causes other than default, insolvency, or non-payment of assessments or dues.

252.00A — Claims Filed by Corporations—Your Rules and Claims and Insolvencies Committees concur in the attorney's opinion that a corporation cannot share in the proceeds of the sale of memberships against which the corporation has filed claims (even claims filed prior to the cancellation of the registration of its officer's membership) after the member has cancelled the registration of his membership for the benefit of the corporation, leaving no other member registered for the corporation.

270.00 Insolvency - A member, or any other person with trading privileges, who fails to perform his contracts, is insolvent, or is the subject of petition for bankruptcy, or whose membership is registered for a member firm which fails to perform its contracts, is insolvent, or is the subject of a petition for bankruptcy, shall immediately inform the Secretary in writing that he or his firm or corporations such member firm is unable to meet

his or its engagements, and prompt notice thereof shall be given to the ~~Association~~Exchange. Subject to the provisions of Regulation 540.06, he shall thereby become suspended from membership until, after having settled with his creditors or the creditors of ~~his firm or corporation~~such member firm, he has been reinstated by the Board.

If a clearing member firm learns that any of the above-specified conditions apply to a member or member firm whose trades it clears, the clearing member firm must also immediately provide written notice thereof to the Secretary, and prompt notice thereof shall be given to the ~~Association~~Exchange. For purposes of this provision, a clearing member firm will be deemed to have learned of such conditions, if a member who is registered for the firm, and is also a general partner of a partnership, an officer or director of a corporation, or a manager of a limited liability company, has actual knowledge thereof.

Nothing in this Rule shall preclude disciplinary action for the violation of any Rule or Regulation of the ~~Association~~Exchange which contributed to the condition for which the person is suspended under this Rule. (06/1/00)

270.01 Restrictions on Operations - The Financial Compliance Committee shall advise the Chairman or Acting Chairman of the Board whenever it appears that a member, ~~registered eligible business organization~~member firm, wholly-owned affiliate of such member or ~~registered eligible business organization~~member firm or any other person with trading privileges is insolvent; is failing to meet the minimum capital requirements of the ~~Association~~Exchange and cannot demonstrate its ability to achieve compliance; is in such financial condition that it cannot be permitted to continue in business with safety to its customers, its creditors, or the ~~Association~~Exchange; or such other condition or practice exists which may adversely affect the safety of funds or positions carried for others. Upon the receipt of such advice, the Chairman or Acting Chairman may, subject to the provisions of Regulation 540.06, impose any restriction upon the operations of a member, ~~registered eligible business organization~~member firm, wholly-owned affiliate or any other person with trading privileges as he deems appropriate in the circumstances, including but not limited to the following:

- (a) Restrictions upon the solicitation and/or acceptances of new positions or new accounts;
- (b) In the case of positions or funds not otherwise protected by law which are carried for the benefit of others, restrictions upon the uses to which such positions or funds may be applied; and
- (c) Restrictions upon the carrying of funds or positions of others on an omnibus account basis.

Any member, ~~registered eligible business organization~~member firm, their wholly-owned affiliates, or persons with trading privileges failing or refusing to comply promptly with a restriction imposed by the Chairman shall be fined, suspended, or expelled by the ~~Exchange~~Board.

Nothing in this Regulation shall preclude disciplinary action for the violation of any Rule or Regulation of the ~~Association~~ Exchange which contributed to the condition for which restrictions are imposed under this Regulation.

~~270.02 Procedures for Member Responsibility Actions~~ (See 540.06)

~~270.03 Finality of Disciplinary Decisions and Member Responsibility Actions~~ (See 540.07)

~~272.01 Bankruptcy of a Member or Non-Member~~ Whenever an order for relief under the Bankruptcy Code as defined in Regulation 272.02 is entered for a member, firm or corporation, or for a non-member, members having Exchange contracts with the bankrupt member or non-member may proceed to close the same on the Exchange in accordance with the provisions of Rule 272.00.

272.02 Deliveries in Bankruptcy Situation -

- (a) For purposes of this Regulation:
- (i) The term "customer" shall mean any person for whom a member carries an Exchange futures contract except a non-public customer as that term is defined in CFTC Regulation 190.01(bb).
 - (ii) The term "debtor" shall mean any member with respect to which an order for relief is entered under the Bankruptcy Code.
 - (iii) The term "order for relief" means the filing of a petition in bankruptcy in a voluntary case and the adjudication of bankruptcy in an involuntary case.
 - (iv) The term "tender" with respect to a notice of delivery shall mean, in the case of a short clearing member that has presented such a notice to the Clearing Services Provider, the assignment of such notice by the Clearing Services Provider to a long clearing member, and, in the case of a long clearing member, the acceptance by such member of such notice from the Clearing Services Provider if such notice is not transferred by such long clearing member within the time permitted under the Rules of the ~~Association~~ Exchange or the Clearing Services Provider.
- (b) This Regulation shall apply only in the event and under the circumstances set forth in paragraph (c) hereof, and only in the event that the opposite clearing member referred to in paragraph (c) is not itself a debtor.
- (c) Notwithstanding any provisions of ~~the Exchange Rules or Regulations~~, the policies, Rules or Regulations of the Clearing Services Provider to the contrary, the requirements set forth in this paragraph (c) shall apply in the event that any member becomes a debtor, and that at that time such member carries for a customer any Exchange futures contract in the current delivery month with respect to which the underlying physical commodity has not become a part of the debtor's estate on the date of the entry of the order for relief, and with respect to which:
- (i) trading has ceased on the date of the entry of the order for relief; or (ii) notice of delivery has been tendered on or before the date of the entry of the order for

relief; or

- (iii) trading ceases before such futures contract can be liquidated by the trustee of the debtor's estate.

In such circumstances, any customer for whose account such member is holding any such futures contract shall make delivery of and receive payment for, or receive delivery of and make payment for, the physical commodity as required to fulfill such contract directly between the customer and the opposite clearing member identified by the Clearing Services Provider as the party to whom delivery should be made or from whom delivery should be taken by such customer, in accordance with the policies, Rules and Regulations of the Clearing Services Provider. Such opposite clearing member shall receive delivery of and make payment for, or make delivery of and receive payment for, such commodity in accordance with the policies, Rules and Regulations of the Clearing Services Provider; provided, however, that nothing contained herein shall prevent such customer and such opposite clearing member from settling any such contract on such terms as may be mutually agreed upon.

- (d) The making or taking of delivery or payment with respect to any futures contract in accordance with paragraph (c) shall discharge in full the obligations of such customer and such opposite clearing member to the debtor and to every other person with respect thereto, but shall not discharge the debtor from any of its obligations with respect to such contract except to the extent that such delivery or payment is made.
- (e) Nothing contained in this Regulation shall relieve any customer of its obligation to make or take delivery under any Exchange futures contract for the sole reason that delivery must be made to or taken from a commodity broker which is a debtor. (01/01/04)

~~**273.01 Insolvency** – When the Financial Compliance Committee from any preliminary investigations or otherwise, has reason to suspect that any member of the Association is threatened with insolvency, it shall co-operate with such member, in any feasible manner not contrary to the Rules and Regulations of the Association, to save such member from open and judicial bankruptcy. When this is not practicable, the Committee shall then take such other action as will in its judgment assist in securing a prompt, efficient, and economic administration of the member's assets for the bankrupt, as well as for the members of the Association and customers of such bankrupt, who are creditors. Nothing herein, however, shall authorize such Committee to bind the Association to any pecuniary obligation.~~

~~**275.00 Suspended or Expelled Member Deprived of Privileges** – (See 561.00)~~

~~**277.00 Discipline During Suspension** – (See 562.00)~~

278.00 Suspension for Default - Where a member, or any other person with trading privileges, fails or refuses to (a) perform an Exchange contract with (b) or pay obligations arising out of such contracts to, another member, or (be) pay obligations owed to the ~~Association~~Exchange, the defaulting member, on complaint of the other member or, in the case of a debt owed to the ~~Association~~Exchange, of the Treasurer of

the ~~Association~~Exchange, shall, subject to the provisions of Regulation 540.06, be suspended until the contract is performed or the debt satisfied, and he has been reinstated by the Exchange. ~~Registered firms and corporations~~Member firms shall be deemed members under this Rule. Applications for reinstatement, if required pursuant to Rule 274.00, shall allege, under oath, that all such debts have been discharged, and notice of such application shall be ~~posted on the bulletin board~~made available to the membership fifteen days prior to the hearing of such application pursuant to Rule 274.00.

Nothing in this Rule shall preclude disciplinary action for the violation of any Rule or Regulation of the ~~Association~~Exchange which contributed to the condition for which the member is suspended under this Rule.

278.01 Arbitration of Default – If the member alleged to be in default to another member pursuant to Rule 278.00 denies the default, he shall be entitled to have the claim arbitrated, if he files an arbitration claim in the matter, within 30 days of the date that the Exchange sends him notice of the Rule 278.00 complaint. If the claim is admitted or established by a final arbitration award that is not paid within the time period specified in Regulation 630.13, the defaulting member shall be suspended until he has satisfied and discharged the debts owing to members on Exchange contracts.

285.02 Audits - The Business Conduct or Financial Compliance Committee may require any member, registered eligible business organization or its wholly-owned affiliates carrying margin accounts for customers or transacting business involving the purchase and sale of cash commodities for customers, to cause to be made as of the date of an answer to a financial questionnaire, an audit of his or its assets, liabilities, accounts and affairs, including securities held for safekeeping, in accordance with such audit requirements as may be prescribed by said Committee, and to file with said Committee a statement to the effect that such an audit has been made and that the answers to the questionnaire are in accord therewith.

Such statement shall in the case of any such member of the ~~Exchange~~Association not a partner of a registered partnership, a manager of a registered limited liability company, nor an officer of a registered corporation, be signed by such member. In the case of a registered partnership, such statement shall be signed by two general partners of the partnership, one of whom must be a member of the ~~Association~~Exchange. In the case of a registered corporation, such statement shall be signed by at least two of the bona fide, active executive officers of the corporation, one of whom must be a member of the ~~Association~~Exchange whose membership is registered on behalf of the corporation. In the case of a registered limited liability company, such statement shall be signed by at least two managers of the limited liability company, one of whom must be a member of the ~~Association~~Exchange whose membership is registered on behalf of the limited liability company. In the case of a wholly-owned affiliate of a member, registered partnership, registered limited liability company or registered corporation, such statement must be signed as indicated above, as well as by an active executive officer of the wholly-owned affiliate. The statement must also certify that a copy of it has been made available to each general partner in the case of partnerships, to each of the members of a limited liability company and in the case of corporations each member of the ~~Association~~Exchange whose membership is registered on behalf of the corporation.

The signature of a partner of such partnership, a member of such limited liability company or an officer of such corporation, may be waived by the Committee at the discretion of the Committee.

Such above statement shall in all cases be attested to by the auditors and a copy of the report of the audit signed by the auditors shall be retained as part of the books and records of the member, registered partnership or registered corporation. 1782 (04/01/98)

~~285.04~~ — ~~Restrictions on Operations~~ — (See 270.01) (08/01/94)

301.10 Twenty-Five Year Member - When a member who has been a member for twenty-five years or more transfers his ~~M~~membership privilege or delegates the rights and privileges of his ~~m~~Membership under Rule 221.00, said member shall be issued an Honorary Membership Badge by the ~~Secretary's Office~~ Exchange which will entitle the former member to access ~~to~~ the Trading Floor (with the exception of the Trading Pits), and to remain on the ~~Association~~ Exchange's mailing lists.

310.00 Time and Place for Trading - Dealings upon the Exchange shall be limited to the hours during which the Exchange is open for the transaction of business, ~~and no member shall make any transaction in securities with another member except at the post designated for the particular security in which the transaction is made and no member shall make any~~ commodity futures or options transaction ~~for future delivery of a commodity~~ except in the pit assigned to trading in such commodity futures or options contract, except as provided in Regulations 331.05, 444.01, 444.03, and Chapter 9B. No member shall make, on the Floor of the Exchange, in the rooms of the Association, a transaction with a non-member, in any futures or options contract listed by commodity ~~or in any security admitted to dealing on~~ the Exchange; but this Regulation shall not apply to transactions with an employee of the Exchange Association or of the Clearing Services Provider engaged in carrying out arrangements approved by the Regulatory Compliance Committee to facilitate the borrowing and lending of money.

~~320.08~~ — ~~Conduct of Private Offices~~ ~~The Exchange is empowered to examine into the conduct of all private offices or places of business receiving the continuous market quotations of the Association, and, in such places where the Exchange shall deem the continuance of such service detrimental to the best interests of this Association, the Exchange shall forthwith order a discontinuance of the quotations and shall report the facts immediately to the Finance Committee, which shall take whatever further action is necessary to uphold the good name and dignity of this Association. 1040 (08/01/94)~~

~~320.09 Telephone Wires and Television Transmission of Market Quotations~~ - No member of this ~~Association~~Exchange shall, by ~~messenger, signal, telephone, telegraph, or any other~~ means whatsoever, convey or transmit continuously the market quotations from the Floor of the Exchange to any person, ~~firm, or corporation or entity~~ located off the Floor of the Exchange, except with the permission and pursuant to the requirements of the Exchange. This does not prohibit ordinary conversation where dissemination of quotations is not contemplated.

Such permission ~~for telephone wires, if granted,~~ shall be subject to charges as prescribed by Regulation 320.13. Such permission ~~for closed circuit television, if granted,~~ shall be subject to charges as may be prescribed by the Finance Committee. 1041 (08/01/94)

320.12 — Radio Broadcasting—

- (a) ~~No member, firm, corporation or employee thereof shall transmit, by any kind of radio service, any market quotations, either securities, futures, cash grain on spot or to arrive, or any market information or gossip without the approval of the Exchange.~~
- (b) ~~No quotations except those prevailing at the opening of the market; and at each thirty minutes thereafter; and at the close of the market, may be used for broadcasting.~~
- (c) ~~Radio broadcasting stations must name the periods at which the quotations prevailed and designate them as furnished by the Board of Trade of the City of Chicago.~~
- (d) ~~No member, firm, corporation, or employee thereof shall in any manner claim or be given credit for furnishing information for radio service, except as provided in section (c) of this Regulation.~~
- (e) ~~Upon application, the Exchange may grant permission to individuals, firms, corporations, or employees thereof, to furnish the quotations of this Association to radio stations. The name of the individual, firm, corporation, or employees thereof, may be mentioned at the beginning and at the end of each period at which quotations are broadcast. In case there is more than one request to furnish this service at any location, the Exchange may divide the time equally upon a yearly basis. 1044 (08/01/94)~~

320.13 Commodity and Commodity Option Quotations - The transmission by ~~private wire or other~~any means of market quotations of any commodity or commodity option made on the Exchange shall be subject to the approval and control of the Exchange. Such quotations shall include all bids, asks, and market prices of any commodity or commodity option traded on the Exchange each business day between the opening of trading in such commodity or option and until thirty minutes after the close of such trading. Such quotations constitute valuable property of the Board of Trade which are not within the public domain. The transmission and receipt of such quotations shall be subject to such conditions, including the payment of applicable fees, as the Exchange shall impose. Failure to comply with such conditions shall subject any member receiving or distributing such quotations to disciplinary action including suspension of membership privileges from the Association. (08/01/94)

320.19 Opening and Closing Orders - For open outcry Regular Trading Hours, orders entered prior to or on the opening (or resumption) of the market, as applicable and orders effected by such opening (or resumption) orders, as applicable shall not be required to be executed at a specified price due to the unique and rapid market conditions existing during an opening or a resumption. Similarly, orders entered for execution on the close of the market and orders effected by such closing orders shall not be required to be executed at a specific price due to the unique and rapid market conditions existing during a close.

If stop orders are elected within the opening or resumption range, floor brokers who are unable to execute those orders within the opening or resumption range, as applicable, while diligently acting in conformity with the rules and regulations of the ~~Association~~Exchange, shall not be held liable. Stop orders elected during the opening (or resumption) range automatically become market orders and should be executed at the

prevailing market, which may or may not be within the opening (or resumption) range. If stop orders are elected within the closing range, floor brokers who are unable to execute such orders, while diligently acting in conformity with the rules and regulations of the AssociationExchange, shall not be held liable. (09/01/98)

330.01 Floor Broker and Floor Trader Registration - No member may execute any trade on the floor of the Exchange for any other person unless the member is registered or has been granted a temporary license as a floor broker, nor may a member execute any trades on the floor of the Exchange for his or her own account unless the member is registered or has been granted a temporary license as a floor trader, or has been granted a temporary license as a floor broker to act as a floor trader, in accordance with Section 4f of the Commodity Exchange Act and Commodity Futures Trading Commission Regulations 3.11 and 3.40, and such temporary license or registration has not been terminated, revoked or withdrawn.

A floor broker or floor trader shall be prohibited from engaging in any activities requiring registration, or from representing himself to be registered or the representative or agent of any registrant, during the period of any suspension of registration or membership privileges or the denial of floor access. Willful failure to comply with this Regulation may be deemed an act detrimental to the interest of the AssociationExchange. (08/01/94)

332.00 Orders Must Be Executed in The Public Market - All orders received by any member of this AssociationExchange, firm or corporation, doing business on Change, to buy or sell for future delivery any of the commodities dealt in upon the Floor of the Exchange (except when in exchange for cash property or when executed pursuant to Regulation 331.05) must be executed competitively by open outcry in the open market in the Exchange Hall during the hours of regular trading and, except as specifically provided in Regulations 331.03, 331.04, 331.05 and 350.10, under no circumstances shall any member, firm or corporation assume to have executed any of such orders or any portion thereof by acting as agent for both buyer and seller either directly or indirectly, in their own name or that of an employee, broker or other member of the AssociationExchange; provided, that on transactions where brokers as agents for other members meet in the execution of orders in the open market and without prearrangement unintentionally consummate a contract for the one and same clearing member principal, such transactions shall not be considered in violation of this Rule. 202A (07/01/03)

333.03 Funds in Trading Accounts Carried by Clearing Members - The following shall apply to trading accounts which are carried for non-clearing members by clearing members pursuant to Rule 333.00:

- (a) If a non-clearing member trades in excess of written limits prescribed by the carrying clearing member, and/or if the non-clearing member is alleged to have engaged in reckless and unbusinesslike dealing inconsistent with just and equitable principles of trade, the disposition of any and all funds in the applicable trading account(s) may be suspended by the carrying clearing member, or by the AssociationExchange through the Board of Directors, Executive Committee, Floor Governors Committee or Arbitration Executive Committee pending a determination by the Arbitration Committee regarding the appropriateness of the non-clearing member's conduct.

Any Arbitration Committee decision to release trading account funds to the non-

clearing member shall include the payment of interest by the clearing member to the non-clearing member as determined by the Arbitration Committee.

- (b) Either the carrying clearing member or the AssociationExchange may direct that the disposition of trading account funds be suspended pursuant to subparagraph a) of this regulation. However, if such suspension is initiated by the clearing member the suspension will be subject to review within one business day by the Board or one of the Committees designated in paragraph (a). The purpose of this review will be determine if sufficient grounds exist to warrant continuation of the suspension pending a final determination by the Arbitration Committee. AssociationExchange proceedings in this regard will be conducted in accordance with Regulation 540.60 "Procedures for Member Responsibility Actions". (05/01/94)

350.03 Identification of Floor Trading Personnel and Floor Traders - Every member is required to wear an identification badge issued by the AssociationExchange in a prominent position and in proper fashion to be admitted to the Trading Floor and must so wear the badge at all times while he is on the Trading Floor. Failure to wear a badge shall be considered an act detrimental to the welfare of the AssociationExchange (Rule 504.00). 1955 (08/01/94)

350.05 Floor Practices - The following acts are detrimental to the welfare of the AssociationExchange (except as permitted under Regulation 331.05):

- (a) for a floor broker to purchase any commodity for future delivery, purchase any call commodity option or sell any put commodity option for his own account, or for any account in which he has an interest, or for those accounts falling within the exception of paragraph (c) of this Regulation, while holding an order of another person for the purchase of any future, purchase of any call commodity option, or sale of any put commodity option, in the same commodity which is executable at the market price or at the price at which such purchase or sale can be made for the member's own account or the account in which he has an interest, or for those accounts falling within the exception of paragraph (c) of this Regulation.
- (b) for a floor broker to sell any commodity for future delivery, sell any call commodity option or purchase any put commodity option for his own account, or for any account in which he had an interest, or for those accounts falling within the exception of paragraph (c) of this Regulation, while holding an order of another person for the sale of any future, sale of any call commodity option, or purchase of any put commodity option in the same commodity which is executable at the market price or at the price at which such sale or purchase can be made for the member's own account or the account in which he has an interest, or for those accounts falling within the exception of paragraph (c) of this Regulation;
- (c) for a floor broker to execute a transaction in the trading pit for an account over which he has discretionary trading authority.

The above restriction shall not apply to:

1. transactions for another member of the Exchange;
2. transactions for members of the floor broker's family which include; spouse, parent, child, grandparent, grandchild, brother, sister, uncle, aunt,

nephew, niece, or inlaw;

3. transactions for proprietary accounts of member firms.
- (d) for a member to disclose at any time that he is holding an order of another person or to divulge any order revealed to him by reason of his relationship to such other person, except pursuant to paragraph (c) of this Regulation, in the legitimate course of business or at the request of an authorized representative of the Exchange or of the Commission; the mere statement of opinions or indications of the price at which a market may open or resume trading does not constitute a violation of the ~~Association~~Exchange's Rules and Regulations; however, nothing herein shall alter or waive a member's responsibility to comply with existing provisions of the Commodity Exchange Act, Commission Rules, and the Rules and Regulations of the ~~Association~~Exchange; furthermore, it shall be a violation of this Regulation for any individual to solicit or induce a member to disclose order information in a manner prohibited by this Regulation;
 - (e) for a member to take, directly or indirectly, the other side of any order of another person revealed to him by reason of his relationship to such other person, except with such other person's prior consent and in conformity with Exchange rules or except for transactions done in accordance with Regulation 350.04 to resolve bonafide errors or outtrades;
 - (f) for a member to make any purchase or sale which has been pre-arranged;
 - (g) for a member to withhold or withdraw from the market any order or part of an order of another person for the convenience of another member;
 - (h) for a member to execute any order after the closing bell is sounded except in a call market close;
 - (i) for a member to buy and sell as an accommodation at any time or, except as specifically provided in Regulations 331.03, 331.04 and 350.10, to use one order to fill another order, or any part thereof;
 - (j) for parties to a transaction to fail to properly notify the pit recorder of the price at which trades have been consummated;
 - (k) for a floor broker to allocate executions of orders in any manner other than an equitable manner.
 - (l) for a member to initiate during the same trading session a transaction for future delivery in a CBOE 50 or CBOE 250 Stock Index future(s) for his or her own account, or for any account in which he or she has an interest, or for the account of his or her family including spouse, parents, children, grandparents, grandchildren, brothers, sisters, uncles, aunts, nephews, nieces and in-laws, and to execute as a floor broker any order for future delivery in a CBOE 50 or CBOE 250 Stock Index future(s). This restriction shall not apply to any transaction made by the member to offset a transaction made in error by the same floor member. (03/01/04)

~~350.10 Exemption for Certain Joint Venture Products~~ Notwithstanding any other provisions of these Rules and Regulations, a member who simultaneously holds orders on behalf of different principals to buy and sell any of the inter regulatory or

~~intermarket spreads designated below, may execute such spread orders for and directly between principals; provided that the member shall first offer such spread orders competitively by open outcry in the open market (a) by both bidding and offering at the same price, and neither such bid nor offer is accepted or (b) by bidding and offering to a point where such offer is higher than such bid by not more than the minimum permissible price fluctuation applicable to such spread orders and neither such bid nor offer is accepted. If any such order is not accepted within a reasonable amount of time, then the member may, execute such order for and directly between the principals. The following requirements must also be met in the execution of such spread orders:~~

- ~~(1) The member who executes such order must do so in the presence of a Chicago Board Options Exchange Floor Official, who is a member qualified to trade Joint Venture futures contracts.~~
- ~~(2) Such member shall clearly identify all such spreads on his trading card or similar record by appropriate symbol or descriptive words and shall note on such card or record the exact time of execution. Such member shall thereupon promptly present said card or record to the Floor Official for verification and initialing.~~
- ~~(3) No futures commission merchant or floor broker who receives any of the inter-regulatory or intermarket spread orders designated below from another person shall take the other side of such spread orders, except with such other person's prior consent.~~

~~This Regulation applies to the following spread strategies:~~

- ~~(a) inter-regulatory strategies involving a CBOE 50 and/or CBOE 250 Stock Index future(s) spread against a Standard and Poor's 100 and/or Standard and Poor's 500 option(s) traded on the Chicago Board Options Exchange;~~
- ~~(b) intermarket futures spreads involving a CBOE 50 Stock Index future(s) spread against a CBOE 250 Stock Index future(s); or~~
- ~~(c) any other inter-regulatory or intermarket spread designated under this Regulation by the Board of Directors of the Association.~~

350.11 Resolution of Outtrades - Outtrades shall be resolved in accordance with Regulation 350.04 or by issuing a check in an amount agreed to by the members making the trade(s).

Price Outtrades

When an outtrade exists due to a discrepancy as to price, members making the trade may choose to resolve the discrepancy by electing either of the two prices in question, if they agree that the trade was executed at that price.

If an outtrade involves a price discrepancy between a local and a broker, and the members cannot agree on the price of execution, the price recorded by the broker shall be used to clear the trade.

If an outtrade between locals or an outtrade between brokers involves a price discrepancy, and these members cannot agree on the price of execution, the buyer's price shall be used to clear the trade.

Quantity Outtrades

When an outtrade exists due to a discrepancy as to quantity, members making the trade may choose to resolve the discrepancy by electing either of the two quantities in question, if they agree that the trade was executed in that quantity.

If any outtrade between locals involves a quantity discrepancy and these members cannot agree on the quantity that was executed, the higher quantity shall be used to clear the trade.

A broker may assign the opposite side of any excess quantity on his order, which he believes that he has executed, to his error account, pursuant to Regulation 350.04, and he may agree to the clearing of the transaction according to the quantity recorded by the other member, whether the other member was a broker or a local.

C. Bona Fide Contract Month, Strike, Put vs. Call and Side of Market (Buy vs. Buy or Sell vs. Sell) Outtrades

When an outtrade exists due to a discrepancy as to the contract month, strike price, whether an option trade involved a put or a call, or side of the market, and any party who executed a customer order believes that the order has been executed in accordance with its instructions, the outtrade may be resolved in any one of the following ways:

1. The trade may be busted. If a broker re-executes his order, any losses incurred by the customer as a result of the delay in execution must be adjusted by check. If the order is executed at a more favorable price, the customer is entitled to the better price.
2. The members making the trades(s) may agree that either trade or both trades may be cleared in accordance with the members' recorded trade data.
3. A broker may assign the opposite side of his own order to his error account, pursuant to Regulation 350.04, and he may agree to the clearing of the transaction according to the terms of the other member's recorded trade data, whether the other member was a broker or a local.
4. If both members were brokers, they may both assign their respective trades to their error accounts, pursuant to Regulation 350.04.

A customer shall not be entitled to any portion of any profits realized by a local who was on the opposite side of an outtrade between the local and the customer's broker, as a result of the local's liquidation of his position. Such profits belong to the local, and may be retained or disbursed to whomever he chooses, in his discretion. If the local chooses to disburse any portion of such profits to the broker, and the broker's customer has received a fill in accordance with the broker's recorded trade data, the broker is not obligated to offer such profits to this customer.

It shall be an offense against the ~~Association~~ Exchange for members to prearrange a trade to reconcile an outtrade.

Nothing herein shall in any way limit a member's right to submit an outtrade to Exchange arbitration if an outtrade cannot be resolved by agreement. (03/01/04)

~~352.02 — Joint — Venture — Intermarket — and — Inter-Regulatory — Spreads —~~

Notwithstanding any other provisions of these Rules and Regulations to the contrary, the following principles shall apply to spreading transactions involving Joint Venture Products:

1. ~~Futures spreads involving CBOE 50 and/or CBOE 250 Stock Index futures contracts may be bid or offered at a differential and if so bid or offered, such spreads may not be separated into their individual components.~~
2. ~~Inter Regulatory spread strategies involving CBOE 50 or CBOE 250 Stock Index futures spread against Standard and Poor's 100 or Standard and Poor's 500 options traded on the Chicago Board Options Exchange ("CBOE") may be bid or offered at a differential. If such spreads are bid or offered at a differential, they may not be separated into individual parts. The futures side of such spreads must be priced within the daily quotation range. The price of the options side of such spreads shall not touch the best bid or offer contained in the CBOE order book but may touch but shall not go through the current best bid or offer prevailing in the trading crowd. The prices for both sides of such spreads shall be disseminated immediately and shall be identified as a spread. The price differential shall also be disseminated immediately.~~
3. ~~Inter Regulatory spreads involving CBOE 50 and/or CBOE 250 Stock Index futures contracts spread against Standard and Poor's 100 and/or Standard and Poor's 500 options may be executed in any location in the Standard and Poor's 100 or the Standard and Poor's 500 option pit(s).~~
4. ~~Joint Venture inter regulatory or intermarket spreads may not be used to establish opening prices for Joint Venture futures contracts. (08/01/94)~~

360.01 Pit Supervisory and Enforcement Authority of the Respective Pit Committees

- In conjunction with the Floor Conduct Committee, it shall be the function and duty of the Pit Committees to supervise and enforce decorum within their respective trading pits.

1. Supervision and Enforcement of Pit Decorum.

Each Pit Committee shall have the authority over its respective pit to issue a decorum ticket to any individual who has committed a decorum offense within the pit. This authority is in addition to the authority given to the Floor Conduct Committee in Regulation 519.01. A ticket may be initiated by any member of the Pit Committee in accordance with the Pit Committee member's duty to enforce decorum standards within the pit. Additionally, any Exchange member may request that a ticket be initiated for an alleged decorum offense that occurs within a trading pit by requesting that a Pit Committee member in that pit issue a ticket. Non-members may request that a ticket be initiated for alleged decorum violations involving physical abuse or harassment.

For decorum offenses that do not involve a physical altercation, disorderly conduct or harassment, the ticket will reflect a warning or summary fine in accordance with Ruling 520.00A. The recipient of a summary fine may pay the summary fine or request a hearing before the Floor Conduct Committee in accordance with Regulations 540.02 through 540.05. Tickets involving a physical altercation, disorderly conduct or harassment will be referred to the Floor Conduct Committee, which will hold a hearing. The initiator of the ticket, the recipient of the ticket and

any party involved in the decorum incident may be required to appear at the hearing held before the Floor Conduct Committee. Failure to comply with a request to appear before the Floor Conduct Committee may be deemed an act detrimental to the welfare of the Exchange.

Each ticket issued by a Pit Committee shall be authorized by two Pit Committee members, including at least one officer. Tickets shall be submitted to designated Exchange staff who shall give the individual written notification of the ticket, including any summary fine or requirement to appear before the Floor Conduct Committee.

It shall be the function and duty of the Pit Committees to supervise and enforce trading etiquette within their respective trading pits.

2. Supervision and Enforcement of Pit Etiquette Standards

Each pit, by and through its Pit Committee, shall be responsible for determining the nature and extent of its pit etiquette standards, subject to the approval of the Floor Governors Committee. A pit etiquette ticket may be initiated by any member of the Pit Committee in accordance with the Pit Committee member's duty to enforce etiquette standards within the pit. Additionally, any Exchange member may request that a member of the Pit Committee issue an etiquette ticket to any member who had allegedly violated the pit's etiquette standards. Each etiquette ticket must, however, be authorized by an officer of the Pit Committee to be valid. An officer who initiates a ticket cannot also authorize the ticket.

The issuance of an authorized etiquette ticket does not, in itself, constitute a violation of an Exchange Rule or Regulation. However, the Pit Committee can, at any time, choose to refer an egregious etiquette violation, or a pattern of etiquette violations, to the Floor Governors Committee. Prior to making such referral, the recipient of the ticket will be required to appear before the Pit Committee. A simple majority of a Pit Committee quorum shall be required to refer an etiquette matter to the Floor Governors Committee.

Tickets referred to the Floor Governors Committee will serve as the basis of OIA's investigation, and the tickets may be submitted as evidence in support of OIA's case before the Floor Governors Committee. However, OIA will conduct its own distinct investigation of the matter. The Floor Governors Committee may impose disciplinary action pursuant to the general provisions of Exchange Rule 500.00 (Inequitable Proceedings) and/or Rule 504.00 (Acts Detrimental to the Welfare of the AssociationExchange). (02/01/04)

416.01 ~~Correspondent Omnibus~~ Accounts - Each registered eligible business organization must maintain a complete listing of all ~~correspondent omnibus~~ accounts carried on its books. Such list shall be promptly provided to authorized representatives of the ~~Exchange upon their request~~ Association. Information for each ~~correspondent omnibus~~ account must include name and address, classification of the account as customer or house, regulated or non-regulated.

416.04 ~~Correspondent Omnibus~~ Accounts - Consistent with its duties under Rule

542.00, the Business Conduct Committee may require that the identities and positions of the beneficial owners of any ~~correspondent omnibus~~ account be immediately disclosed to the Business Conduct Committee or to authorized representatives of the ~~Exchange Association~~. If disclosure is not provided and the Business Conduct Committee determines that such failure to provide information is an impediment to the Committee in the discharge of its duties under Rule 542.00, appropriate summary action may be ordered up to and including immediate liquidation of all or a portion of the positions in the ~~correspondent omnibus~~ account. Any such summary action shall be taken in accordance with the procedures set forth in Regulation 540.06.

417.01 Notice and Processing of Transfer of Accounts - When a member futures commission merchant goes out of business, or closes one or more offices, ~~or withdraws ordinary facilities for transacting business from one or more offices,~~ the following shall apply: it must comply with all applicable Commodity Futures Trading Commission requirements governing bulk transfers of accounts to another futures commission merchant (member or non-member).

~~Upon the transfer of customer accounts in commodity futures contracts by a member or registered eligible business organization, to any other futures commission merchant (member or non member), the transferor shall immediately give written notice of the transfer to the Secretary of the Association. Such written notice shall contain: (1) the name and address of the transferee; (2) the date of the transfer; (3) the number of customer accounts; (4) the net equity of customer funds, and (5) a statement certified by the member, or by a general partner or executive officer whose membership is registered for the transferor, that (a) the transferor has provided prior notice of the transfer to each customer whose account is thus transferred and (b) the transfer has been preceded by reasonable investigation of the transferee by the transferor and that the transferee is a suitable recipient of the transferred accounts.~~

~~Upon the transfer of customer accounts by a non member of the Association, to any member or registered eligible business organization, the transferee shall immediately notify the Secretary in writing that such transfer has occurred and such written notice shall identify the transferor, the date of transfer, the number of customer accounts, and the net equity of customer funds being transferred to such member or registered eligible business organization.~~

~~A member or registered eligible business organization firm, acting as a transferor or transferee, must be able to facilitate a bulk transfer of accounts by use of an automated system as prescribed by the Association Exchange.~~

~~This regulation applies to all transfers of customer accounts involving members or registered eligible business organizations, who or which are closing facilities unless they are initiated at the unsolicited request of the customers. 1809C (04/01/98)~~

420.00 Trading by Employees - No member shall accept marginal accounts of any employee, ~~whether member or non member,~~ of the ~~Association Exchange~~ or of the Clearing Services Provider or of another member unless written consent of the employer ~~is~~ first obtained. 206 (01/01/04)

420.01A Elective Officers and Non-Member Directors - For purposes of Rule

420.00, Elective Officers and non-member Directors of the ~~Association~~Exchange shall not be considered employees of the ~~Exchange~~Association. (08/01/94)

425.06 Position Accountability for U.S. Treasury Bonds - A person as defined in Regulation 425.01(c), who owns or controls an aggregate position in U.S. Treasury Bond futures and mini-sized U.S. Treasury Bond futures of more than 10,000 U.S. Treasury Bond futures contracts, and/or futures-equivalent contracts net long or net short in all months and strike prices combined, or net long or net short futures contracts in the spot month, or 25,000 option contracts for all months and all strike prices combined in each option category as defined in Regulation 425.01 (a) shall thereby be subject to the following provisions:

- Such person shall provide, in a timely manner upon request by the ~~Association~~Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

Nothing herein shall limit the jurisdiction of the ~~Association~~Exchange. (10/01/01)

425.07 Position Accountability for Long-Term, Medium-Term, and Short-Term Treasury Notes - A person as defined in Regulation 425.01(c), who owns or controls more than 7,500 Long-Term Treasury Note futures contracts and/or futures-equivalent contracts or more than 7,500 Medium-Term Treasury Note futures and/or futures-equivalent contracts or more than 7,500 Short-Term Treasury Note futures and/or futures-equivalent contracts, net long or net short in all months and strike prices combined, or net long or net short futures contracts in the spot month, or 20,000 option contracts for all months and all strike prices combined in each option category as defined in Regulation 425.01 (a) shall thereby be subject to the following provisions:

- Such person shall provide, in a timely manner upon request by the ~~Association~~Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- Such person automatically shall consent, when so ordered by the ~~Association~~Exchange acting in its discretion, not to increase further the position in Long-Term Treasury Notes, Medium-Term, or Short-Term Treasury Notes which exceeds the above-referenced 7,500 futures and/or futures-equivalent contracts or 20,000 option contracts level.
- Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or

understanding, the same as if the positions were held by a single person.

Nothing herein shall limit the jurisdiction of the ~~Association~~Exchange. (01/01/05)

425.08 Position Accountability for 30-Day Fed Funds Contracts - A person as defined in Regulation 425.01(c), who owns or controls more than 3,000 30-Day Fed Fund futures contracts, and/or futures-equivalent contracts, net long or net short in all months and strike prices combined, or net long or net short in the spot month, shall thereby be subject to the following provisions:

- Such person shall provide, in a timely manner upon request by the ~~Association~~Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- Such person automatically shall consent, when so ordered by the ~~Association~~Exchange acting in its discretion, not to increase further the position in 30-Day Fed Fund futures contracts which exceeds the above-referenced 3,000 contract level.
- Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

Nothing herein shall limit the jurisdiction of the ~~Association~~Exchange. (04/01/03)

425.09 Position Accountability for mini-sized U.S. Treasury Bonds - A person as defined in Regulation 425.01(c), who owns or controls an aggregate position in mini-sized U.S. Treasury Bond futures and U.S. Treasury Bond futures of more than 20,000 mini-sized U.S. Treasury Bond futures, and/or futures-equivalent contracts net long or net short in all months combined, or net long or net short futures contracts in the spot month as defined in Regulation 425.01 (a) shall thereby be subject to the following provisions:

- Such person shall provide, in a timely manner upon request by the ~~Association~~Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

Nothing herein shall limit the jurisdiction of the ~~Association~~Exchange. (10/01/01)

425.12 Position Accountability in CBOT[®] 10-Year Interest Rate Swap Contracts - A person as defined in Regulation 425.01(c), who owns or controls more than 5,000 CBOT[®] 10-year Interest Rate Swap futures and/or futures-equivalent contracts, net long

or net short in all months and strike prices combined, or net long or net short futures in the spot month, or 15,000 options for all months and all strike prices combined in each option category as defined in Regulation 425.01(a), shall thereby be subject to the following provisions:

- Such person shall provide, in a timely manner upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- Such person automatically shall consent, when so ordered by the ~~Association~~Exchange acting in its discretion, not to increase further the position in CBOT[®] 10-Year Interest Rate Swap contracts that exceeds the above-referenced levels of 5,000 futures or futures-equivalent contracts or 15,000 options.
- Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

Nothing herein shall limit the jurisdiction of the ~~Association~~Exchange. (12/01/02)

425.13 Position Accountability in CBOT[®] 5-Year Interest Rate Swap Contracts - A person as defined in Regulation 425.01(c), who owns or controls more than 5,000 CBOT[®] 5-year Interest Rate Swap futures and/or futures-equivalent contracts, net long or net short in all months and strike prices combined, or net long or net short futures in the spot month, or 15,000 options for all months and all strike prices combined in each option category as defined in Regulation 425.01(a), shall thereby be subject to the following provisions:

- Such person shall provide, in a timely manner upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.
- Such person automatically shall consent, when so ordered by the ~~Association~~Exchange acting in its discretion, not to increase further the position in CBOT[®] 5-Year Interest Rate Swap contracts that exceeds the above-referenced levels of 5,000 futures or futures-equivalent contracts or 15,000 options.
- Such positions must be initiated and liquidated in an orderly manner.

For purposes of this regulation, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such person. The provisions of this regulation shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

Nothing herein shall limit the jurisdiction of the ~~Association~~Exchange. (12/01/02)

431.02A Hedging Transactions - WHEREAS, Regulation 431.02(7) makes it incumbent "upon each member to require satisfactory evidence that all hedging trades are

bona fide hedging trades," and

WHEREAS, Regulation 431.02(7) further states that "a letter from a customer so stating will be considered 'satisfactory evidence' unless there is reason to suspect otherwise;"

NOW THEREFORE, BE IT RESOLVED that whenever a non-member customer of a member or member firm carries in its hedging account an open position in any Board of Trade futures contract exceeding speculative position limits established by the Association Exchange, it shall be incumbent upon the member or member firm to satisfy itself, and to be able to confirm to the Business Conduct Committee that the open position of such non-member customer, to the extent that it exceeds such speculative position limits, represents bona fide hedging transactions.

BE IT FURTHER RESOLVED that this resolution be published as a Ruling of the Association Exchange. 42R (08/01/94)

~~431.03B — Margins — The Rules Committee was asked the following questions:~~

- ~~(1) — Is it permissible for a carrying broker to maintain an account with a bank where it is specified that the deposits therein are made at the request of a particular client — such funds not necessarily being those of the client.~~
- ~~(2) — Is it permissible to maintain such an account, limiting it to the amounts deposited by such client.~~

~~— The Committee is unanimously of the opinion that these practices are a violation of the Association's minimum margin Rules and Regulations. They constitute the extending of credit for margins. 40R (08/01/94)~~

~~444.01A — Transfer Trades and Inter Market Spreads — Owing to the fact that some questions have arisen as to what may properly be handled in the way of give ups, as office trades or transfer trades, particularly in connection with the new Commodity Exchange Act, the Directors have found it necessary to clarify this situation with certain interpretations which will be mailed to all members shortly. In the meantime, there is one point which seems important because of the past custom of the trade, and we wish to call attention to it. In case a house has spread orders between markets at a guaranteed difference, such as buying Winnipeg or Minneapolis or Kansas City and selling Chicago at a fixed difference, it has been customary in the past in the event they found some other house going the other way at the same difference to exchange futures in the two markets in order to consummate the spread. In other words, this was done by give ups rather than by pit executions. Under the new interpretation, such a give up is not permissible, inasmuch as it involves a change of ownership and is not a give up against a cash transaction, as interpreted by the Commodity Exchange Act or the Board of Trade Rules. Accordingly, it will not be permissible to exchange futures in the form of give ups under such circumstances, which will compel the actual filling of these limited spreads by means of pit executions.~~

~~While this appears to work a certain amount of hardship, it seems to be required in order to conform to the law and to the Rules of the Association; and, accordingly, attention is directed to it in order to avoid possible confusion where spreads are being worked between two markets. (09/01/01)~~

475.00 Offices and Branch Offices - Member firms and member sole proprietors may establish offices other than main offices. All offices of member firms and member sole proprietors and employees thereof shall be subject to the Rules and Regulations of the ~~Association~~Exchange, and shall be subject to the jurisdiction of the Business Conduct Committee in connection therewith; provided, however, that the Business Conduct Committee may exempt such offices and employees from any such Rule or Regulation which is incompatible with, in conflict with or unrelated to the functions performed by them. The term "branch office" shall include each branch office or wholly-owned subsidiary of the member firm that solicits, accepts, or services ~~Commodity Futures Contracts or Options~~commodity futures or options contracts and/or is listed by the member firm as a branch office with the National Futures Association.

A branch office must conduct business under the same name as the parent firm ~~or corporation~~.

480.10 Supervision - Any willful act or omission by which a member fails to ensure compliance with the rules, regulations and bylaws of the ~~Association~~Exchange by such member's partners, employees, agents or persons subject to his supervision shall constitute an offense against the ~~Association~~Exchange by the member.

Any willful act or omission by which a member firm fails to ensure compliance with the rules, regulations and bylaws of the ~~Association~~Exchange by such member firm's partners, directors, officers, employees or agents shall constitute an offense against the ~~Association~~Exchange by the member firm. (07/01/95)

490.00 Application of Rules and Regulations - Unless specifically negated or unless superseded, each Rule or Regulation of the ~~Association~~Exchange pertaining to transactions in ~~future delivery commodity futures contracts~~ shall apply with equal force and effect to transactions in ~~options on commodity futures contracts~~.

~~**490.03A Introducing Brokers Guaranteed by Member FCMs/Supervision Procedures** - The Board of Directors in a special polling held on Friday, February 3, 1984 approved the following Resolution of the Member Services Committee pursuant to Regulation 490.03 of the Association:~~

~~WHEREAS, The Commodity Futures Trading Commission has provided by regulation that introducing brokers operating pursuant to a guarantee agreement with an FCM be permitted to solicit and/or accept orders for exchange traded options if the Exchange of which the guarantor FCM is a member has adopted rules which govern the commodity option related activity of the guaranteed introducing broker; and~~

~~WHEREAS, it is the desire of certain members to permit the solicitation and/or acceptance of Chicago Board of Trade options by introducing brokers guaranteed by a member FCM;~~

~~NOW THEREFORE, be it~~

~~RESOLVED, that each Rule or Regulation of the Association pertaining to the options sales practices of members or their employees shall apply with equal force and effect to the options sales practices of introducing brokers who are operating pursuant to a guarantee agreement with a member FCM and such member FCM shall be fully~~

~~responsible therefor, and that this Resolution shall remain in effect until rescinded by a vote of the members or until such time as the National Futures Association or other registered futures association adopts rules which are approved by the Commodity Futures Trading Commission to govern the commodity option related activity of such guaranteed introducing brokers.~~

500.00 Inequitable Proceedings - It shall be an offense against the ~~Association~~Exchange to violate any Rule or Regulation of the ~~Association~~Exchange or any policy, Rule or Regulation of the Clearing Services Provider to which CBOT Clearing Members are subject pursuant to a Clearing Services Agreement between the Exchange and such Clearing Services Provider, regulating the conduct or business of members, or any agreement made with ~~Association~~Exchange, or engage in fraud, dishonorable or dishonest conduct, or in conduct or proceedings inconsistent with just and equitable principles of trade, or make default relating to the delivery of contracts traded for future delivery (unless such default was unintentional). 141 (01/01/04)

501.00 Fictitious Transactions - It shall be an offense against the ~~Association~~Exchange to create fictitious transactions or to give an order for the purchase or sale of futures or options the execution of which would involve no change in ownership, or to execute such an order with knowledge of its character. 142 (08/01/94)

503.00 Misstatements - It shall be an offense against the ~~Association~~Exchange to make a misstatement upon a material point to the Board, ~~to the Executive Committee or to any other Exchange Standing or Special Committee, or to the Executive Committee,~~ or to the Clearing Services Provider, or on an application for membership.

If, after notice and opportunity for hearing in compliance with Regulations 540.02 and 540.03, the Hearing Committee finds that a member, prior to his application for membership, has been guilty of a fraudulent, dishonorable, or dishonest act and that the facts and circumstances thereof were not disclosed on his application for membership, the member may be expelled or suspended in accordance with this chapter. 144 (01/01/04)

504.00 Acts Detrimental to Welfare of the ~~Association~~Exchange - It shall be an offense against the ~~Association~~Exchange to engage in any act which may be detrimental to the interest or welfare of the ~~Association~~Exchange. 145 (08/01/94)

~~**504.00A Transactions in Warehouse Receipts**~~ Rule 504.00

~~It has come to the attention of the Directors that certain member firms have entered into contracts for the purchase and/or sale for deferred delivery of warehouse receipts for grain in store in Chicago.~~

~~In the opinion of the Directors, this practice is unusual and irregular and is in violation of various Rules and Regulations of the Association and is detrimental to the interest and welfare of the Association under Rule 504.00.~~

~~You are hereby notified that members are liable to discipline if they enter into contracts for the purchase or sale for deferred delivery of grain in store in Chicago or of warehouse receipts issued against grain in elevators located in the Chicago Switching District.~~

~~This interpretation does not affect the purchase and sale of grain for future delivery consummated in accordance with the Rules and Regulations relating to futures contracts;~~

~~nor sales in store when payment and delivery is made on the following day nor the purchase and sale of warehouse receipts on a 'when delivered' basis entered into after the expiration of trading in a contract and requiring performance on or before the end of the delivery month.~~

505.00 Commodity Exchange Act - Any member or any ~~registered eligible business organization~~member firm adjudged guilty of a violation of the Commodity Exchange Act or of any Regulation or Order thereunder, by the final decision in a federal administrative or judicial proceeding may be deemed to have violated Rule 504.00 of the ~~Association~~Exchange. 603 (04/01/98)

~~**507.00 Investment Trust Corporation** - Participation by a member, or by a firm or corporation, registered under the provisions of these Rules and Regulations, in the formation or management of investment trust corporations, or similar organizations, which in the opinion of the Board involve features which do not properly protect the interests of investors therein, may be held to be an act detrimental to the interests or welfare of the Association. 148 (08/01/94)~~

508.00 Circulation of Rumors - The circulation in any manner of rumors of a sensational character by a member, in any case where such act does not constitute fraud or conduct inconsistent with just and equitable principles of trade, is an act detrimental to the interest or welfare of the ~~Association~~Exchange.

Members shall report to the ~~Secretary~~Office of Investigations and Audits any information which comes to their notice as to the circulation of such rumors. 149 (08/01/94)

509.00 Other Offenses

A. It shall be an offense against the ~~Association~~Exchange to:

- (a) Attempt extortion;
- (b) Trade systematically against the orders or position of his customers;
- (c) Manipulate prices of or attempt to corner the market in any commodity or security;
- (d) Disseminate false or inaccurate market information;
- (e) Trade or accept margins after insolvency;
- (f) Make any trade for the account of or give up the name of any clearing member without authority from such clearing member;
- (g) Be deprived of the privilege of trading under the Commodity Exchange Act;
- (h) Trade for any person deprived of the privilege of trading under the Commodity Exchange Act;
- (i) Accept an order or make a trade for any employees of the Clearing Services Provider except in the exercise of their official duties;
- (j) Fail to comply with an order or award of the Committee of Arbitration. 150

B. No member shall be directly or indirectly interested in or associated in business with, or have his office directly or indirectly connected by public or private wire or other

method or contrivance with, or transact any business directly or indirectly with or for

- (a) Any bucket shop; or
- (b) Any organization, firm, or individual making a practice of dealing on differences in market quotations; or
- (c) Any organization, firm or individual engaged in purchasing or selling commodities or securities for customers and making a practice of taking the side of the market opposite to the side taken by customers. 152 (01/01/04)

~~**511.00 — Trading on Other Exchanges** — No member of this Association shall be permitted to trade on any exchange in the City of Chicago whose Constitution, By Laws, Rules, or Regulations prescribe or limit the trading privileges of our members on our own Exchange. 608 (08/01/94)~~

519.01 Committee Procedure -

- (a) FLOOR CONDUCT COMMITTEE.
 - (i) The Floor Conduct Committee may impose minor penalties against members for decorum offenses committed by such members or by any person or persons for whom such members are responsible. The Floor Conduct Committee may impose minor penalties for the offenses set forth in Regulation 520.00A. Minor penalties for the purpose of this Regulation shall be defined as a warning, fines not exceeding \$5,000 for any one offense and/or access denial not to exceed five days. A respondent may request a hearing by filing a written request for a hearing with the Exchange Services Department within ten (10) business days after the penalty is imposed; the Floor Conduct Committee shall hear the matter in accordance with Regulation 540.02 through 540.05. The decision of the Floor Conduct Committee may be appealed to the Appellate Committee as provided in Regulation 519.02(d). Failure to request a hearing shall be deemed a consent to the warning or fine. Unless a hearing is requested, if a fine is not paid within thirty (30) days after it was due, the Floor Conduct Committee may, without hearing, revoke the badge or suspend the floor privileges of a floor clerk for whose conduct the fine was imposed.
 - (ii) The Floor Conduct Committee pursuant to this Regulation may impose minor penalties for disorderly conduct, intentional physical abuse, sexual harassment and the use of profane or obscene language. The Floor Conduct Committee, in its discretion, may impose a fine not to exceed \$5,000, in addition to any access denial, for any violation within its jurisdiction regardless of the number of the offense.
 - (iii) Any member or individual with floor access privileges who has received a Floor Conduct Committee Notice of Rule(s) Violation ("ticket") for a decorum offense of Disorderly Conduct, Intentional Physical Abuse, Sexual Harassment and/or Use of Profane or Obscene Language and, during the same trading session, engages in a further Rule or Regulation violation relating to Disorderly Conduct, Intentional Physical Abuse, Sexual Harassment and/or Use of Profane or Obscene Language may, in addition to other sanctions (including, but not limited to, fines, suspensions and expulsions imposed by the

~~Association~~Exchange pursuant to the Rules and Regulations) be immediately and summarily removed from the Exchange trading floor and denied trading floor access for the remainder of the trading session pursuant to the following procedures:

- (1) Certification by the Chairman of the Pit Committee (or, in the Chairman's absence, by a Vice Chairman of the Pit Committee) that the individual has continued to engage in Disorderly Conduct, Intentional Physical Abuse, Sexual Harassment and/or Use of Profane or Obscene Language after having previously received a Floor Conduct Committee Notice of Rule (s) Violation ("ticket") for the same offense in the same trading session; and
- (2) Approval of such summary action by a member of the Floor Governors Committee and a member of the Board of Directors or by two members of the Board of Directors, provided that no individual granting such approval shall have been involved in the altercation.

Additionally, should the first such offense be of such a serious nature, the individual similarly may be denied trading floor access for the duration of the trading session pursuant to the above procedure.

* * * *

519.02 Floor Conduct Committee -

- (a) The Chairman of the ~~Association~~Exchange may, with the consent of the Board, appoint members to a Floor Conduct Committee. Members of the Committee may not be members of the Floor Governors Committee.
- (b) Meetings. The Floor Conduct Committee shall determine the time and place of its meetings and the manner and form in which such meetings shall be conducted. In the interest of efficiency, the Chairman of the Floor Conduct Committee may appoint panels of Floor Conduct Committee members to hold duly constituted meetings. Any such panel shall consist of three or more members of the Floor Conduct Committee. The majority vote of such a panel of the Committee shall be the official act or decision of the Committee. The Chairman of the Floor Conduct Committee shall determine for each meeting, in his or her sole discretion, whether a panel or the full Floor Conduct Committee shall convene.
- (c) Duties of Committee. It shall be the function and duty of the Floor Conduct Committee to ensure decorum on the Floor of the Exchange in regard to decorum offenses set forth in Regulations 520.00A, 519.00A, 519.05 and 519.07 and in accordance with Rule 519.00 and Regulation 519.01. Floor Conduct Committee members shall issue a ticket to an offender notifying him that the Floor Conduct Committee has imposed a warning or fine as described in Regulations 520.00A, 519.00A and/or 519.05 and in accordance with Rule 519.00 and Regulation 519.01 for such violations which occur in the trading pits, including the steps leading into the pit. The ticket requires the signature of two members of the Floor Conduct Committee.

The Committee shall have the authority to discipline a member or other person with

trading privileges found to have violated any Rule or Regulation within its jurisdiction by reprimand, by denial of the privileges of the Floor of the Exchange not to exceed five (5) days and/or by the imposition of a fine not to exceed \$5,000.

Pit Committee members shall be considered members of the Floor Conduct Committee for the sole purpose of issuing tickets for decorum offenses within their pit in accordance with Regulation 360.01.

The Floor Conduct Committee shall be responsible for issuing badges to and recalling badges from all non-members, except as otherwise provided within the Rules and Regulations.

- (d) **Appeal.** A member, member firm, or other person with floor privileges, may appeal from the decision of the Committee by filing with the Secretary of the AssociationExchange, within ten business days after the Committee's decision is sent to the respondent, a Notice of Appeal to the Appellate Committee requesting a review by the Appellate Committee of all or part of the Committee's decision.
- (e) **Offense Against the AssociationExchange.** Any member of the AssociationExchange, member firm, or other person with floor privileges who fails to comply with the disciplinary action of the Committee after such action becomes effective shall be charged with an offense against the AssociationExchange, and if found guilty, shall either be fined, suspended, or expelled by the Board.
- (f) **Hold-over Member.** Whenever the Committee members have begun to hear or review evidence and argument in any proceeding, and the term of one or more of the members expires, such member or members may continue in office until the proceeding has ended. A hold-over member shall not participate in any other Committee business, nor shall his continuation in office impair the appointment of his successor or his successor's right to participate in all other Committee business.
(02/01/04)

520.00 Smoking - Smoking of cigarettes and other smoking materials is prohibited in the Exchange Halls (during trading hours or business days). Any member, or any person affiliated with a registered eligible business organization who violates this Rule shall be guilty of an offense against the AssociationExchange and, in the case of persons affiliated with a registered eligible business organization, such firm may also be found guilty of an offense against the AssociationExchange. 164 (04/01/98)

521.00 Floor Access - Upon receipt by the AssociationExchange of actual notice that any member or registered eligible business organization, or any other person with trading privileges, has entered a plea of guilty to or has been adjudged guilty of a violation of any criminal statute involving moral turpitude, the Chairman of the Board may order an investigation (unless already in progress) to ascertain whether violations of the Rules and Regulations have occurred, and the Board may, when immediate action is necessary to protect the best interests of the marketplace, and subject to the provisions of Regulation 540.06, forthwith deny access to the trading floor to such person or registered eligible business organization until the investigation, including any disciplinary proceedings, is concluded.

The issues in a Regulation 540.06 hearing under this Rule are limited to (1) whether or

not the member or registered eligible business organization, or other person with trading privileges, has entered a plea of guilty to or has been adjudged guilty of a violation of any criminal statute involving moral turpitude, and (2) whether or not immediate action is necessary to protect the best interests of the marketplace. (04/01/98)

540.00A Committee Authority To Refer Matters for Investigation - Any Committee of the ~~Association~~Exchange which in the course of its activities discovers a possible violation of the Rules and Regulations of the ~~Association~~Exchange may, refer the matter to the Office of Investigations and Audits or the appropriate disciplinary committee. 39R (08/01/94)

540.03 Procedures for Hearings on Charges - In connection with all hearings on charges, except those held pursuant to Regulation 540.05:

- (a) The respondent shall be entitled in advance of the hearing to examine all books, documents, or other tangible evidence in the possession or under the control of the ~~Association~~Exchange which is to be relied upon by the Office of Investigations and Audits or Exchange Services Department in presenting the charges contained in the notice of charges or which are relevant to those charges;
- (b) At least ten (10) business days in advance of the hearing, the respondent shall submit to the Office of Investigations and Audits copies of all documents which the respondent intends to rely on in presenting his case and shall provide the Office of Investigations and Audits with a list of, and make available for inspection by the Office of Investigations and Audits, all books, records, names of witnesses, and other tangible evidence which the respondent intends to rely on; except that in any hearing held pursuant to Rule 519.00 or Regulation 519.01 by the Floor Conduct Committee, the documents and lists shall be submitted to and the books, records and other tangible evidence shall be made available for inspection by the Exchange Services Department. The hearing body, in its discretion, may refuse to consider any books, records, documents or other tangible evidence which was not made available or witnesses whose names were not submitted to the Office of Investigations and Audits, or the Exchange Services Department pursuant to this section. However, the hearing body will consider such evidence upon a clear showing that such evidence was not ascertainable by due diligence at least ten (10) business days in advance of the hearing and that there was insufficient time prior to the hearing to bring such evidence to the attention of the Office of Investigations and Audits or the Exchange Services Department.
- (c) The hearing shall be promptly held before disinterested members of the hearing body after reasonable notice to the respondent. No member of a disciplinary body may serve on that body in a particular matter if he or any person or firm with which he is affiliated has a financial, personal or other direct interest in the matter under consideration.
- (d) Formal rules of evidence need not apply, but the hearing shall not be so informal as to be unfair;
- (e) The respondent shall have the right to invoke Rule 548.00, if applicable;
- (f) The Office of Investigations and Audits shall be a party to the hearing and shall

present its case on those charges and penalties which are the subject of the hearing; or in the case of any hearing held pursuant to Rule 519.00 or Regulation 519.01 by the Floor Conduct Committee, the Exchange Services Department shall be a party to the hearing and shall present its case on those charges and penalties which are the subject of the hearing.

- (g) The respondent shall be entitled to appear personally at the hearing and to be represented by counsel;
- (h) The respondent shall be entitled to cross-examine any person(s) appearing as witness(es);
- (i) Subject to the provisions of Rule 540.00, the respondent shall be entitled to call witnesses and to present such evidence as may be relevant to the charges;
- (j) Persons within the jurisdiction of the ~~Association~~Exchange who are called as witnesses shall be obliged to appear at the hearing and to produce evidence (see 545.00);
- (k) If the hearing is held at the request of the respondent, a substantially verbatim record of the hearing, capable of being accurately transcribed, shall be made and shall become part of the record of the proceeding. (10/01/95)

540.06 Procedures For Member Responsibility Actions - The Chairman or Acting Chairman of the ~~Association~~Exchange, upon the advice of the Floor Governors Committee, Financial Compliance Committee or Business Conduct Committee, has jurisdiction to take summary action when immediate action is necessary to protect the best interests of the marketplace or membership, without affording an opportunity for a prior hearing ("member responsibility actions"). The following procedures shall apply to such actions:

- (a) The respondent shall, whenever practicable, be served with a notice before the action is taken. If prior notice is not practicable, the respondent shall be served with a notice at the earliest possible opportunity. The notice shall:
 - (1) State the action;
 - (2) Briefly state the reasons for the action, and
 - (3) State the effective time and date and the duration of the action;
- (b) The respondent shall have the right to be represented by legal counsel or any other representative of his choosing in all proceedings subsequent to any summary action taken;
- (c) The respondent shall be given an opportunity for a subsequent hearing, within five business days, before the Floor Governors Committee, Financial Compliance Committee or the Business Conduct Committee. The hearing shall be conducted in accordance with the requirements of Regulation 540.03 (c)-(j);
- (d) Within five business days following the conclusion of the hearing, the body before which the hearing is held shall render a written decision based upon the weight of the evidence contained in the record of the proceeding and shall provide a copy to the respondent. The decision shall include:

- (1) A description of the summary action taken;
- (2) The reasons for the summary action;
- (3) A brief summary of the evidence produced at the hearing;
- (4) Findings and conclusions;
- (5) A determination that the summary action should be affirmed, modified, or reversed; and
- (6) A declaration of any action to be taken pursuant to the determination specified in (5) above and the effective date and duration of such action.

The Chairman or Acting Chairman of the ~~Association~~Exchange has jurisdiction to reverse summary action taken against an individual member pursuant to Rule 270.00 or Rule 278.00, or against a member firm pursuant to Regulation 416.04, at any time prior to a hearing held pursuant to this Regulation, or, if no hearing is held, prior to the expiration of five business days after the summary action is taken, without the prior approval of the Financial Compliance Committee or the Business Conduct Committee, if the affected member or member firm demonstrates to the satisfaction of the Chairman or Acting Chairman that the condition which was the basis for the action no longer exists. (07/01/97)

540.10 Disciplinary Jurisdiction Over Agricultural Regular Firms - In addition to the disciplinary authority of the Hearing Committee, Appellate Committee, Business Conduct Committee and Financial Compliance Committee over agricultural regular firms, as set forth in paragraphs (f) and (g) of Rule 542.00 and paragraphs (f) and (g) of Rule 551.00, each of these Committees may discipline an agricultural regular firm for violation of any Rules and Regulations by imposing a fine on such firm, and/or by revoking the firm's regularity status. Subject to and in accordance with Regulation 540.08, an agricultural regular firm that is the subject of charges filed before the Board or that has filed an appeal of a decision with the Appellate Committee or the Board, may submit a written offer of settlement in connection with such proceeding to the Appellate Committee or, in matters before the Board, to the President of the ~~Association~~Exchange. (08/01/94)

540.12 Hearing Committee -

- (a) **Membership.** The Hearing Committee shall consist of twenty-one (21) individual members of the ~~Assœiation~~Exchange appointed each year by the Chairman of the Board with the approval of the Board. For all purposes under these Rules, the Hearing Committee shall be considered a disciplinary committee. Hearing Committee members shall have previously served on the Board, the Business Conduct Committee, the Floor Governors Committee, the Financial Compliance Committee or the Arbitration Committee, but no person shall be a member of the Committee who, at the same time, is a member of the Board or any other standing disciplinary committee. A panel of seven members shall be selected from the Committee for each hearing, in a manner established by the Committee, consistent with the requirements of Regulation 540.14. Each panel shall, by a majority vote, elect a Chairman.
- (b) **Hearing Executive Committee.** The Chairman of the Board, with the approval of the

Board, shall appoint a Chairman of the entire Committee, along with two other members from among the members of the Committee, to serve as a Hearing Executive Committee.

- (c) Meetings and Quorum. The Hearing Committee shall determine the time and place of its meetings and the manner and form in which its meetings shall be conducted. The attendance of four Hearing Committee members shall constitute a quorum of the Committee. The majority vote of the quorum of the Hearing Committee shall be the official act or decision of the Committee.
- (d) Duties of the Committee. The Hearing Committee shall conduct disciplinary hearings pursuant to the Rules and Regulations of the ~~Association~~Exchange. Following notice and answer in accordance with Regulation 540.02, the Hearing Committee shall conduct hearings in connection with proceedings initiated under Rule 542.00(f), Rule 551.00(f) and Rule 543.00(d). Procedures for the hearing shall be in accordance with Regulation 540.03. After hearing all the witnesses and the respondent, if he/she decides to be heard, the Committee shall determine whether the respondent is guilty of the offense or offenses charged. If the Hearing Committee determines that the accused is guilty, the Committee may impose penalties in accordance with the rule pursuant to which the proceedings were initiated. In the event there is a finding of multiple violations of any Rules or Regulations, it shall be within the Committee's discretion to apply its suspension powers either in a consecutive or concurrent manner.
- (e) Appeal. A member, member firm, person with trading privileges or agricultural regular firm may appeal from the decision of the Committee by filing with the ~~Secretary of the Association~~Exchange within ten (10) business days after the Committee's decision is sent to the respondent a Notice of Appeal to the Appellate Committee requesting a review by the Appellate Committee of all or part of the Committee's decision.
- (f) Offense Against the ~~Association~~Exchange. Any member, member firm, other person with trading privileges or agricultural regular firm who fails to comply with the disciplinary action of the Committee after such action becomes effective shall be charged with an offense against the ~~Association~~Exchange, and if found guilty, shall either be fined, suspended or expelled by the Board.
- (g) Oath. Every Hearing Committee member shall take an oath not to divulge, or allow or cause to be divulged, any information acquired by such member in his official capacity as a Hearing Committee member if such information is confidential, commercially sensitive, or nonpublic, except when required in connection with disciplinary proceedings or other formal proceedings or actions of a duly authorized committee of the ~~Association~~Exchange or of the Board, or in response to a request or demand by an administrative or legislative body of government having jurisdiction of the subject matter and authority to obtain the information requested, or on behalf of the ~~Association~~Exchange in any proceeding authorized by the Board of Directors.
- (h) Hold-over Member. Whenever the Committee members have begun to hear or review evidence and argument in any proceeding, and the term of one or more of the members expires, such member or members may continue in office until the

proceeding has ended. A holdover member shall not participate in any other Committee business, nor shall his continuation in office impair the appointment of a successor or the successor's right to participate in all other Committee business. (12/01/94)

541.00 Special Investigations By Board - If at any time the Board shall have reason to suspect that any member, member firm, or other person with trading privileges, has been guilty of any offense against the ~~Association~~Exchange and no investigation has been initiated into the matter, the Board shall direct the Office of Investigations and Audits to conduct an investigation and shall direct the appropriate disciplinary committee, or if necessary appoint a Special Committee outside of its own number, to review the investigation as to whether there is just ground for such suspicion. If the Committee decides that there is just ground for such suspicion, it shall direct that charges be filed with the Board as provided in Rule 540.00.

543.01 Investigations - The President or the Executive Vice-President shall have the authority to order investigations into any complaints made to the ~~Association~~Exchange or into any situation no matter how brought to their attention involving possible violations of the Rules and Regulations of the ~~Association~~Exchange. 1792 (08/01/94)

545.00 Testimony And Production Of Books And Records - If a member of the ~~Association~~Exchange, member firm, or other person with trading privileges, is required to submit his books and records, or the books and records of his firm, or corporation, or any portion thereof, to the Board, or to any authorized Standing or Special Committee, or to the individual responsible for the supervision of the Office of Investigations and Audits as provided for in Regulation 170.01, or, subject to the provisions of Rule 548.00, to furnish any information to or to appear and testify before, or to cause any of his partners or employees to appear and testify before such Board, or such authorized Committee, or at the request of such individual responsible for the supervision of the Office of Investigations and Audits, it shall be an offense against the ~~Association~~Exchange to fail or refuse to comply with such requirements. 153 (08/01/94)

545.01 Furnishing Information - Pursuant to Rule 545.00 and Regulations 545.02 and 545.03, each clearing member shall furnish to the Board or to any committee or department specified by the Board, such information respecting daily trading, deliveries, exchanges of futures for cash commodities or other activity as the Board deems necessary for compliance by the ~~Association~~Exchange with the provisions of Regulations Sections 16.00 through 16.03 under the Commodity Exchange Act or as required to be made or maintained under the Rules and Regulations. Such data shall be furnished at such times and in such manner and form as the Board or the committee or department acting for the Board may prescribe.

The Business Conduct Committee, the Financial Compliance Committee, or the Floor Governors Committee may, without hearing, impose minor penalties against members or member firms for failure by such members or member firms, or for failure by any persons for whom such members or member firms are responsible, to submit requested routine trade documentation within the respective Committees' jurisdiction in the manner prescribed by the Committee. Minor penalties for the purpose of this Regulation shall be defined as fines not exceeding \$1,000 for any one offense.

If the documents requested are one year old or less, they must be produced and submitted to the Office of Investigations and Audits within five (5) business days. If the documents requested are more than one year old and less than five years old, they must be produced and submitted to the Office of Investigations and Audits within ten (10) business days. The Business Conduct Committee, the Financial Compliance Committee, or the Floor Governors Committee may impose a fine of up to \$1,000 for each business day thereafter on which the member, member firm or any person for whom such member or member firm is responsible, has not produced and submitted the requested documents to the Office of Investigations and Audits.

A respondent may request an appeal of a minor penalty by filing a written request for a hearing with the Office of Investigations and Audits within ten (10) business days after the penalty is imposed; the Business Conduct Committee, the Financial Compliance Committee, or the Floor Governors Committee shall hear the matter in accordance with Regulations 540.02 through 540.05. The decision of the Business Conduct Committee, the Financial Compliance Committee, or the Floor Governors Committee may be appealed to the Appellate Committee as provided in Rule 542.00(f) or 543.00(e). Failure to request a hearing shall be deemed a consent to the fine. Unless a hearing is requested, failure to pay a fine within thirty (30) days after the penalty is imposed shall automatically triple the amount of the fine. 1973 (08/01/94)

545.02 Record Keeping - Pursuant to Rule 545.00 and Regulation 545.03, each member and member firm shall keep in an accurate and complete manner all books and records required to be made or maintained under the Rules and Regulations. All books and records required to be kept shall be kept for a period of five (5) years from the date thereof and shall be readily accessible for a period of two (2) years from the date thereof. All reports required to be submitted to the AssociationExchange or its delegate shall be reported accurately and completely. (08/01/94)

546.00 Testimony Before Other Exchanges - If the Board shall deem it is to the interest and welfare of the AssociationExchange, or to the public interest, or in the interest of just and equitable principles of trade, to facilitate the examination by the authorities of another exchange of any transaction in which a member of the AssociationExchange has been concerned and that the testimony of such member, his partners, or employees, or his books and papers, or the books and papers of his firm, or corporation, or any partner therein are material to such examination, and shall direct such member to appear and testify, or to cause any of his partners or employees to appear and testify, or to produce such books and papers before the authorities of said other exchange, or any committee thereof, for the purposes of such examination, and the member of the AssociationExchange shall refuse or fail to comply with such direction, he may be adjudged guilty of an act detrimental to the interest or welfare of the AssociationExchange. 154 (08/01/94)

548.00 Incriminating Evidence - Upon any investigation or trial before the Board, or before any committee, or before any other tribunal of the AssociationExchange, no member or agricultural regular firm shall be required to answer, or be subject to any penalty for failing to answer any question, when such member or agricultural regular firm shall make oath that the answer, if given, would convict or tend to convict such member or agricultural regular firm of the violation of any law of the United States or any state.

161 (08/01/94)

549.00 Depositions of Witnesses - Upon any investigation authorized under the Rules and Regulations of the AssociationExchange, the oral depositions of witnesses may be taken. The party under investigation shall be given at least five (5) days written notice of the time of the deposition and place where the witness will be deposed, which may be at any location within the United States. The party under investigation shall have the right to be present in person or by representative at the oral deposition, with right of cross-examination. All oral depositions of witnesses shall be taken under oath, before an officer qualified in the place of the deposition to administer oaths, and the complete testimony of the witnesses shall be transcribed by such officer or by a person under his supervision. Oral depositions taken in accordance with this provision shall be admissible in evidence at any hearing of the board or a Committee, reserving to the party under investigation the right to object at the hearing to the relevancy or materiality of the testimony contained therein. 162 (08/01/94)

550.00 Rehearing - A suspended or expelled member or member firm, and any member or member firm that has been fined, may petition the Appellate Committee for a rehearing. Upon presentation of the petition, the Appellate Committee, by a majority vote, may order a rehearing to determine whether the disciplinary action was the result of false testimony or was otherwise unjust or improper.

The rehearing will be conducted in accordance with Regulations 540.02 and 540.03.

If, after a rehearing the Appellate Committee unanimously finds that such member or member firm was mistakenly expelled, suspended, or fined, or that the penalty imposed was excessive, the prior disciplinary action against such member or member firm may be set aside or the penalty mitigated. No prior disciplinary action or penalty shall be set aside or mitigated if any member of the Appellate Committee votes against such action.

The petition of a member or member firm who has been suspended, expelled, or fined, for a rehearing shall be posted upon the bulletin board of the Exchange for at least one week prior to its presentation to the Appellate Committee.

A member or member firm whose prior expulsion, suspension, and/or fine is set aside or mitigated in accordance with this Rule shall have no claim in law or equity against the AssociationExchange or any Director, committee member, officer or employee thereof by virtue of such prior action thus set aside or mitigated.

A rehearing is not a right. An action of the Appellate Committee is final when rendered as provided in Regulation 540.07, but may be reviewed by the Board pursuant to Regulation 540.05. Every suspension, expulsion, or fine will be considered final until set aside or reduced under this Rule. 157 (08/01/94)

551.00 Financial Compliance Committee -

- (a) **Membership.** The Chairman of the Board, with the approval of the Board, shall appoint the members of the Financial Compliance Committee. The Committee shall consist of five qualified individuals, whether members or non-member employees of member firms. Each year thereafter the Chairman of the Board, with the approval of the Board, shall appoint two members of the Committee to serve a term of two years and one member to serve a term of one year. A vacancy in the Committee shall be

filled for the unexpired term in the same manner as provided above, except that unexpired one-year terms may be left vacant at the discretion of the Chairman of the Board.

- (b) Chairman and Vice-Chairman of the Committee. The Chairman of the Board, with the approval of the Board, shall appoint a Chairman and a Vice-Chairman of the Committee from among the members of the Committee. The Chairman and Vice-Chairman shall be appointed to serve as Chairman and Vice-Chairman for a one-year term.
- (c) Oath of Members. Every member of the Committee shall take an oath not to divulge, or allow or cause to be divulged, any information acquired by such member in his official capacity if such information is confidential, commercially sensitive or non-public, including any information regarding the market position, financial condition, or identity of any trader or firm, except when required in connection with his official duties, or in connection with disciplinary proceedings or other formal proceedings or actions of a duly authorized committee of the ~~Association~~Exchange, or of the Board, or in response to a duly authorized subpoena, or in response to a request or demand by an administrative or legislative body of government having jurisdiction of the subject matter and authority to obtain the information requested, or on behalf of the ~~Association~~Exchange in any proceeding authorized by the Board.
- (d) Quorum. The attendance of three (3) members at a meeting shall constitute a quorum. The actions of a majority of the members present shall be the actions of the Committee.
- (e) Financial Compliance Committee on Particular Matter. If the Financial Compliance Committee shall determine that it is improper for any or all of its regular members to serve during the consideration and decision of any particular matter, or if any or all the regular members shall be unable to serve during the consideration and decision of any particular matter, the Financial Compliance Committee may request the Chairman of the Board to appoint an alternate or alternates to sit throughout the investigation, hearing, and decision of such matter. The Chairman of the Board shall have the power to appoint, consistent with paragraph (a) above, any member or members as such alternate or alternates.

When so appointed, such alternate or alternates shall, with respect to such particular matter, have all the powers and duties of the regular member or members for whom he is or they are acting, and the "Committee on Particular Matter," consisting of such alternate or alternates, and the remaining regular members of the Financial Compliance Committee, if any, shall with respect to such particular matter have all the duties and powers of the regular Financial Compliance Committee. During such period as a Committee or Committees on a Particular Matter or Matters are functioning, the regular Financial Compliance Committee and the regular members thereof shall continue to have all the powers and to perform all the duties concerning matters not under consideration by a Committee or Committees on Particular Matters.

- (f) Duties and Authority of the Committee. The duty of the Committee is to monitor and ensure the capital and financial integrity of members and member firms. The

Committee may determine, in its sole discretion, that there is reason to believe that the financial status of a member or member firm represents a condition inconsistent with sound business practices and financial integrity, and may exercise the following authority, without limitation, over the financial organization of members and member firms.

The Committee shall determine the manner and form in which its proceedings shall be conducted. The Committee shall have authority, without limitation, over the financial organization of member firms and the financial inter-relationships between member firms and their wholly-owned affiliated entities, including parents and subsidiaries. The Committee shall also have the authority, without limitation, to supervise the nature of capital formation and the capital compliance of members, member firms, wholly-owned affiliates, any other persons with trading privileges, guaranteed introducing brokers, and any employees or associated persons of any such individual or firm, particularly insofar as such conduct may have an adverse impact on the member's, member firm's or wholly-owned affiliate's capital or financial stability. The Committee shall also have the authority, without limitation, to supervise the financial organization, nature of capital formation and the capital compliance of all agricultural regular firms and their employees, member and non-member alike.

The Committee in performing its duties may investigate the dealings, transactions and financial interrelationships and condition of members, member firms, wholly-owned affiliates, agricultural regular firms, any other persons with trading privileges, guaranteed introducing brokers, and any employees or associated persons of any such individual or firm, may examine their books and papers upon request, and, with respect to member firms, may prescribe such capital requirements as it deems appropriate, including, without limitation, requiring the immediate or expeditious infusion of additional capital (subject to the procedures contained herein). Upon approval by the Chairman of the Board, the Committee may employ such experts, auditors, counsel and other assistants as it may deem necessary on a case-by-case basis, and all expenses incident thereto shall be payable from the funds of the ~~Association~~ Exchange.

- (1) Where immediate action is necessary, the Committee shall have the authority prior to a hearing, only upon written approval by the Chairman of the Board, to take summary action consistent with this rule subject to a subsequent hearing to be held within five (5) days from the date of the summary action in accordance with Regulation 540.06. This hearing, conducted before the Committee or Board, shall follow the requirements of Regulation 540.03(c)-(j).

The member, member firm, person with trading privileges, wholly-owned affiliate, agricultural regular firm, guaranteed introducing broker, or employee or associated person of any such individual or firm will be immediately notified in writing of the Committee's or Board's decision, in the form of an order signed by the Chairman of the Committee and the Chairman of the Board of Directors. Upon written notification of the decision, the respondent may request a hearing to be held within five (5) days. After this hearing, the respondent may appeal the decision to the Board of Directors. The Board of

Directors may modify the conditions of the original order.

Alternatively, any such summary order may be appealed directly to the Board of Directors within one business day. The member, member firm, person with trading privileges, wholly-owned affiliate, agricultural regular firm, guaranteed introducing broker, or employee or associated person of any such individual or firm subject to such order must give written notice of appeal to the Secretary immediately upon receipt of the Committee's order; the Board shall hear the appeal within one business day following receipt of said appeal notice or such later date as the Board may establish pursuant to the written waiver of the one business day hearing requirement by the member, member firm, person with trading privileges, wholly-owned affiliate, agricultural regular firm, guaranteed introducing broker, or employee or associated person of any such individual or firm.

- (2) The Committee shall have the authority to charge a member, member firm, wholly-owned affiliate, agricultural regular firm, person with trading privileges, guaranteed introducing broker, or any employee or associated person of any such individual or firm alleged to have violated any Rule or Regulation or written policy within its jurisdiction and may impose any one or more of the following preliminary penalties: a reprimand, a cease and desist order, a fine not to exceed \$25,000 for each such violation, and/or restitution. The Committee may also impose upon any such individual member, person with trading privileges, or employee of a member or member firm a preliminary denial of the privileges of the Floor of the Exchange or suspension from membership status for a period not in excess of ninety (90) business days for each such violation. Except in the case of specified penalties, which shall be heard by the Committee in accordance with Regulations 540.02 and 540.03, proceedings shall be conducted by the Hearing Committee in accordance with Regulations 540.02 and 540.03. The specified penalties which shall be heard by the Committee shall be defined as a reprimand, fines not exceeding \$5,000.00 for any one violation, and a denial of the privileges of the Floor for a period not exceeding five (5) business days for any one violation. In the event there is a finding of multiple violations of any Rules or Regulations it shall be within the relevant Committee's discretion to apply its denial or suspension powers either in a consecutive or concurrent manner.

A party under cease and desist order may apply to the Committee to review and terminate such order, provided that such order has been in effect for at least five years prior to application.

The decision of the Financial Compliance Committee or the Hearing Committee may be appealed to the Appellate Committee in accordance with Regulation 540.05 by filing with the Secretary of the ~~Association~~ Exchange, within ten (10) business days after the decision is sent to the respondent, a Notice of Appeal to the Appellate Committee requesting a review by the Appellate Committee of all or part of the decision.

- (3) Any member, member firm, wholly-owned affiliate, agricultural regular firm,

other person with trading privileges, guaranteed introducing broker, or employee or associated person of any such individual or firm who fails to appear before the Committee pursuant to its request, or to submit his or its books and records to the Committee at its request, shall be guilty of an offense against the ~~Association~~Exchange.

The Committee may review at any time the operations or procedures of members, member firms, wholly-owned affiliates, agricultural regular firms, any other persons with trading privileges, guaranteed introducing brokers, and any employees or associated persons of any such individuals or firms to assure compliance with the Rules and Regulations of the ~~Association~~Exchange. Whenever such review discloses a condition or practice which, in the Committee's judgment, falls within the provisions of Regulation 270.01 or Regulation 540.06, it shall so advise the Chairman of the Board and recommend such action as it deems appropriate in the circumstances.

- (g) Offense Against the ~~Association~~Exchange. It shall be an act detrimental to the interest and welfare of the ~~Association~~Exchange for any member of the ~~Association~~Exchange, member firm, wholly-owned affiliate, agricultural regular firm, other person with trading privileges, guaranteed introducing broker, or employee or associated person of any such individual or firm to fail to comply with the disciplinary action of the Committee after such action becomes effective.
- (h) Hold-Over Members. Whenever the Committee members have begun to hear or review evidence and argument in any proceeding, and the term of one or more of the members expires, such member or members may continue in office until the proceeding has ended. A hold-over member shall not participate in any other Committee business, nor shall his continuation in office impair the appointment of his successor or his successor's right to participate in all other Committee business.
(08/01/04)

560.00 Expulsion and Suspension from Membership - Unless otherwise specifically provided, the penalty of suspension from membership may be inflicted, and the period of suspension determined, by the vote of a majority of the members of the Appellate Committee or the Board present, and the penalty of expulsion from membership or of ineligibility of a suspended member for reinstatement may be inflicted only by a vote of two-thirds of the members of the Board present.

At any disciplinary hearing the Appellate Committee or the Board may impose a fine upon any member or member firm for each Rule or Regulation violated. By majority vote of the Appellate Committee members or Directors present, the fine for each Rule or Regulation violated shall not exceed \$250,000. The time for payment of any such fine shall be determined by the Appellate Committee or the Board. Failure of any member or member firm to pay the fine during the prescribed period shall be considered an act detrimental to the interest and welfare of the ~~Association~~Exchange. 140 (08/01/94)

561.00 Suspended or Expelled Member Deprived of Privileges - When a member is suspended by a Committee of the ~~Association~~Exchange or the Board, such member shall be deprived during the term of his suspension of all rights and privileges of membership, but he may be proceeded against by the Board for an offense other than that

for which he was suspended.

The expulsion of a member terminates all rights and privileges arising out of his membership, except such rights in respect to the proceeds of the transfer thereof as he may have under the provisions of Chapter 2 hereof. 159 (08/01/94)

603.00 Member Defined - For purposes of this Chapter, the term "member" includes all individual members of the ~~AssociationExchange~~, and all ~~partnerships, corporations, and cooperative associations~~ member firms registered with the ~~AssociationExchange~~ pursuant to Rule 230.00 or related regulations. (11/01/94)

603.01 Definitions -

For purposes of this Chapter:

A. "Member" of the ~~AssociationExchange~~ includes all individual members of the ~~AssociationExchange~~, and all ~~partnerships, corporations, and cooperative associations~~ member firms that are registered with the ~~AssociationExchange~~ pursuant to Rule 230.00 or Regulation 230.17. For purposes of Rule 600.00 and Regulation 620.01(A), "member" shall also be deemed to include the operator or manager of a warehouse or shipping plant that has been declared regular by the Exchange for the delivery of ~~grains, soybean oil or soybean meal~~ any commodity in underlying Board of Trade contracts.

B. "Claims or grievance" is any dispute which arises out of any transaction on or subject to the rules of the Exchange (including any transaction on or subject to the Rules of another contract market if such transaction is part of the same cause of action), executed by or effected through a member of the ~~AssociationExchange~~, or by or through an employee of a member of the ~~AssociationExchange~~, which dispute does not require for adjudication the presence of essential witnesses or third parties over whom the ~~AssociationExchange~~ does not have jurisdiction and who are not otherwise available. A "claim or grievance" does not include disputes arising from cash market transactions which are not part of or directly connected with any transaction for the purchase or sale of any commodity for future delivery.

C. "Customer" does not include any member of the ~~AssociationExchange~~.

D. "Unassociated person" excludes all persons who are either members of or associated with members of the ~~AssociationExchange~~, who are employees of the ~~AssociationExchange~~, or who are otherwise associated with the ~~AssociationExchange~~. For the purpose of customer claims or grievances in connection with this chapter only, "unassociated person" excludes all persons who are members of, or associated with members of, or are employees of, or otherwise associated with, the ~~AssociationExchange~~ or any other contract market. (08/01/94)

610.01 Arbitration Committee - The Arbitration Committee shall consist of twenty-eight (28) individual members of the ~~AssociationExchange~~ appointed by the Chairman of the Board with the approval of the Board. Seven (7) shall be chosen from each of the following four (4) categories: seven (7) shall be principally engaged as floor traders; seven (7) shall be principally engaged as floor brokers; seven (7) shall be affiliated with brokerage firms; and seven (7) shall be affiliated with commercial firms. ~~Fourteen (14) members shall be appointed for a term to end January, 1992, and fourteen~~

~~(14) members shall be appointed for a term to end January, 1993. Beginning January, 1992, F~~fourteen (14) members shall be appointed each year for a term of two years. A vacancy shall be filled for the unexpired term in the same manner as is provided above. No person shall be a member of the Committee who, at the same time, is a member of the Board or a member of any standing disciplinary committee. A member of the Arbitration Committee shall not be disqualified to serve on the Committee or any panel thereof due to a change in categories subsequent to his appointment. If the category of a member of the Arbitration Committee should change subsequent to his appointment, he shall be considered for all purposes to be in the category from which he was chosen on the date of his appointment. (08/01/94)

620.01 Jurisdiction and Submission -

A. Member Controversies. The Arbitration Committee has jurisdiction to arbitrate all controversies between members arising out of Exchange business. A member party may compel another member party to arbitrate such controversies by delivering to the Administrator a Statement of Claim.

B. *Customer's Claims and Grievances. The Arbitration Committee and Mixed Panels constituted pursuant to Regulation 620.02 have jurisdiction to arbitrate all customer's claims and grievances against any member or employee thereof which have arisen prior to the date the customer's claim is asserted. If the customer elects to initiate an arbitration proceeding of any customer claim or grievance, the member shall submit to arbitration in accordance with these Arbitration Rules and Regulations. The arbitration shall be initiated by delivery to the Administrator of (a) a Statement of Claim and a "Chicago Board of Trade Arbitration Submission Agreement for Customers' Claims and Grievances" signed by the customer or (b) a Statement of Claim and another arbitration agreement between the parties, which agreement conforms in all respects with any applicable requirements prescribed by the Commodity Futures Trading Commission. The refusal of any member or employee to sign the "Chicago Board of Trade Arbitration Submission Agreement for Customer's Claims and Grievances" shall not deprive the Arbitration Committee or a mixed Panel constituted pursuant to Regulation 620.02 of jurisdiction to arbitrate customers' claims under these Arbitration Rules and Regulations. The Committee and Mixed Panels have jurisdiction to arbitrate a counterclaim asserted in such an arbitration, but only if it arises out of the transaction or occurrence that is the subject of the customers' claim or grievance and does not require for adjudication the presence of essential witnesses, parties or third persons over whom the ~~Association~~Exchange does not have jurisdiction. Other counterclaims are subject to arbitration by the Committee, or a Mixed Panel, only if the customer agrees to the submission after the counterclaim has arisen.

C. Other Member-Nonmember Controversies. The Arbitration Committee, and Mixed Panels constituted pursuant to Regulation 620.02, have jurisdiction to arbitrate all controversies between members and nonmembers arising out of Exchange business, other than customers' claims and grievances, where neither the claim nor the counterclaim is in excess of \$50,000 and where the claim is filed no more than one year after the date of the transaction giving rise to the claim or controversy. Any party may request the arbitration of such controversy by delivering to the Administrator (1) a Statement of Claim and a "Chicago Board of Trade Arbitration Submission Agreement" signed by all the parties or

(2) a Statement of Claim and another arbitration agreement between the parties, which agreement conforms in all respects with any applicable requirements prescribed by the Commodity Futures Trading Commission.

*The following is the text of Regulation 620.01(B) as amended by CFTC Rule 7.201. The legality of Rule 7.201, and thus the obligation of Board of Trade members to arbitrate customer's claims and grievances, has been the subject of litigation between the Board of Trade and one of its member firms against the CFTC since 1982. On December 30, 1986, the United States District Court for the Northern District of Illinois declared CFTC Rule 7.201 to be invalid as an unconstitutional denial of a member firm's Seventh Amendment right to a jury trial. However, on December 22, 1987, the Seventh Circuit Court of Appeals overturned the District Court's decision, thereby upholding CFTC Rule 7.201. The Board of Trade, with a member firm, filed with the United States Supreme Court a petition to review the Seventh Circuit's decision. On October 3, 1988, the Supreme Court denied the petition. The Supreme Court's ruling, in effect, reaffirms the Seventh Circuit's decision validating CFTC Rule 7.201 and compelling ~~Association~~Exchange members, at the option of the customer, to arbitrate customer disputes arising out of Exchange business. (08/01/94)

630.13 Rulings and Awards

- A. All rulings and awards shall be by a majority vote of the Arbitrators.
- B. The award shall be in writing and signed by the Arbitrators joining in the award. Such award shall be promptly rendered according to the Rules and Regulations of the ~~Association~~Exchange and the laws of the land, and the award shall be final. The Arbitrators shall file the award with the Administrator and the Administrator shall deliver or mail a copy to each party.
- C. Failure to comply with an order or award of the Arbitration Committee or to pay the full amount of the award to the Exchange as escrow agent within thirty (30) days of notice of the order or award shall be deemed to be a failure to perform an Exchange contract in accordance with Rule 278.00

The amount of the award placed in escrow with the Exchange plus accrued interest shall be released to the prevailing party ninety-one days after notice of the award is issued unless a timely motion to vacate, modify or correct the award has been filed with a court of competent jurisdiction, in which case the amount shall continue to be held by the Exchange and together with accrued interest shall be disbursed upon the entry of and in accordance with a final order disposing of such motion. (08/01/94)

~~903.00 — Association — The Board of Trade of the City of Chicago. 3 (08/01/94)~~

~~903.01 — Association — The term "Association" as defined in Rule 903.00 shall include all wholly owned subsidiaries of the Board of Trade of the City of Chicago. (08/01/94)~~

906.00 Business Day - Days when the Exchange~~Association~~ is open for business. 6 (08/01/94)

914.00 Commodity - Any commodity which may be dealt in under Rules or Regulations of the Exchange~~Association~~. 14 (08/01/94)

916.00 Exchange Contracts and Members' Contracts - All contracts of members

of the ~~Exchange Association~~, or of member firms or corporations registered under the Rules and Regulations, with other members of the ~~Association~~Exchange, or member firms or corporations registered under the Rules and Regulations, for the purchase or sale of commodities, or for the purchase, sale, borrowing, loaning, or hypothecation of securities, or for the borrowing, loaning or payment of money, whether occurring upon the floor of the Exchange or elsewhere, are members' contracts.

Exchange Contracts shall include all Members' Contracts:

- (1) Made on the Exchange;
- (2) Not made on the Exchange, unless made subject to the rules of another Exchange, or unless the parties thereto have expressly agreed that the same shall not be Exchange Contracts.

The provisions of the Rules and Regulations of the ~~Association~~Exchange shall be part of the terms and conditions of all Exchange Contracts and all such contracts shall be subject to the exercise by the Board, the Standing Committees, and the Clearing Services Provider of the powers in respect thereto, vested in them by the Rules and Regulations. And all such contracts shall be subject to all Rules or Regulations subsequently adopted, where such Rules or Regulations are expressly made applicable to existing contracts. 16 (01/01/04)

922.00 Holiday - Any day declared to be a holiday by Regulation or Resolution adopted by the Board of Directors of ~~this Association~~the Exchange. 22 (08/01/94)

925.00 Non-clearing Member - A member of the ~~Association~~Exchange who does not clear trades in his own name. 25 (08/01/94)

926.00 Non-member - A non-member of the ~~Exchange Association~~. 26 (08/01/94)

930.00 President - The Chief Executive Officer of the ~~Exchange Association~~. 30 (08/01/94)

933.00 Regulations - The Regulations of the ~~Exchange Association~~ adopted by the ~~Board~~in accordance with the Exchange's Certificate of Incorporation, or a Committee designated pursuant to Rule 132.00 to promulgate regulations. 33 (08/01/94)

934.00 Rules - The Rules of the ~~Association~~Exchange adopted by the ~~membership~~in accordance with the Exchange's Certificate of Incorporation.

In all such expressions as "under the Rules," "according to the Rules," or "subject to the Rules," the word "Rules" shall mean the ~~Charter~~Certificate of Incorporation, ByLaws, Rules, and Regulations of the Association~~Exchange~~ and all amendments thereto. 34 (08/01/94)

935.00 Secretary - The Secretary of the ~~Exchange Association~~. 35 (08/01/94)

944.00 Treasurer - The Treasurer of the ~~Association~~Exchange. 43 (08/01/94)

9B.13 Trading Against Customer Orders and Crossing Orders --

- (a) Trading Against Customer Orders – During an e-cbot trading session, a member or Registered User shall not knowingly cause to be entered or knowingly enter into a transaction in which he takes the opposite side of an order entered on behalf

of a customer, for the member's or Registered User's own account or his employer's proprietary account unless the customer order has been entered immediately upon receipt and has first been exposed on the e-cbot platform for a minimum 5 seconds for outright futures contracts and a minimum of 15 seconds for strategies and options contracts. Such transactions that are unknowingly consummated shall not be considered to have violated this regulation.

- (b) Crossing Orders – Independently initiated orders on opposite sides of the market for different beneficial account owners that are immediately executable against each other may be entered without delay provided that the orders did not involve pre-execution communications.

Opposite orders for different beneficial accounts that are simultaneously placed by a party with discretion over both accounts may be entered provided that one order is exposed on the e-cbot platform for a minimum of 5 seconds for outright futures contracts and a minimum of 15 seconds for strategies and options contracts.

An order allowing for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite a second order entered by the same firm only if the second order has been entered immediately upon receipt and has been exposed on the e-cbot platform for a minimum of 5 seconds for outright futures contracts and a minimum of 15 seconds for strategies and options contracts.

- (c) Pre-Execution Communications Prohibited

- (i) Pre-execution communications are communications between two market participants for the purpose of discerning interest in the execution of a transaction prior to the entry of an order on the e-cbot platform.
- (ii) Pre-execution communications and transactions arising from such communications are prohibited in all products during all hours except as otherwise provided by Regulation 331.05 "Block Trade Transactions".

Violations of this regulation shall be considered an act detrimental to the interest and welfare of the ~~Association~~Exchange. (09/01/04)

1007.00 Hours for Trading - Hours for trading for future delivery in grains, crude soybean oil and soybean meal shall be from 9:30 a.m. to 1:15 p.m. except that on the last day of trading in an expiring future the hours with respect to such futures shall be from 9:30 a.m. to 12 o'clock noon, subject to the provisions of the next succeeding paragraph of this Rule 1007.00.

On the last day of trading in an expiring future, a bell shall be rung at 12 o'clock noon designating the beginning of the close of the expiring future. Trading shall be permitted thereafter for a period not to exceed one minute and quotations made during this time shall constitute the close. The above time constraints do not apply to options contracts which close by public call.

The hours may be shortened or the Exchange may be closed on any day or days pursuant to Regulation adopted by the Board.

Hours for trading for future delivery in other commodities shall be fixed by Regulation adopted by the Board.

No such trading shall take place except in the Exchange Hall or on Exchange facilities including an approved automated order entry facility during such hours as the Board shall designate. The AssociationExchange shall conform to Chicago time. 252 (04/01/97)

1038.00 Grades - A contract for the sale of commodities for future delivery shall be performed on the basis of the grades officially promulgated by the Secretary of Agriculture as conforming to United States Standards at the time of making the contract. If no such United States grades shall have been officially promulgated, then such contract shall be performed on the basis of the grades established by the Department of Agriculture of the State of Illinois, or the standards established by the Rules and Regulations of the AssociationExchange in force at the time of making the contract. 293 (09/01/94)

1049.02 Buyers' Report of Eligibility to Receive Delivery - Prior to 8:00 p.m., or by such other time designated by the Exchange, of each day on which delivery notices may be delivered to the Clearing Services Provider, each clearing member shall report to the Clearing Services Provider, at such times and in such manner as shall be prescribed by the Clearing Services Provider, the amounts of its purchases of the various commodities then eligible for delivery which remain open on its books in accordance with law and with the Rules and Regulations of the AssociationExchange. Such reports shall show the dates on which such purchases were made, and shall exclude purchases to which the clearing member has applied deliveries assigned to it but which remain open on its books pending receipt of delivery. With respect to omnibus accounts, the reports described above shall show the dates on which such purchases were made, as reflected on the ultimate customers' account statements. (01/01/04)

1050.00 Duties of Members - Members shall deliver warehouse receipts, bills of lading, shipping certificates or demand certificates tendered for delivery pursuant to the Rules and Regulations of the AssociationExchange and in accordance with the assignment thereof to eligible buyers by the Clearing Services Provider, and shall make no other disposition thereof. A member who alters or makes a false endorsement on a notice of assignment of delivery issued by the Clearing Services Provider under Regulation 1048.01, for the purpose of avoiding acceptance of the delivery specified therein, should be deemed guilty of an act detrimental to the welfare of the AssociationExchange. 288 (01/01/04)

1081.01A Inspection - Chicago Elevators - Any Grain Warehouses in Chicago, regular for the delivery of grain under the Rules and Regulations of the AssociationExchange, shall require inbound and outbound inspections as mandated by the U.S. Grain Standards Act and/or the U.S. Warehouse Act.

Nothing herein shall negate the rights of persons shipping grain into or out of such Warehouses to request and obtain on such grain official sample lot inspections as defined in the U.S. Grain Standards Act, and such inspections or any appeal therefrom, shall be the settlement grade.

When grain is delivered in satisfaction of warehouse or shipping certificate, receipts, the

holder of the warehouse receipts or shipping certificates shall be entitled to an official sample lot inspection as defined in the U.S. Grain Standards Act unless otherwise agreed.
3R (03/01/00)

The word "Association" shall be changed to "Exchange" in the following Regulations:

C1001.01
S1001.01
1102.01
1202.01
1301.01
1802.01
2102.01
2302.01
2402.01
2502.01
A2701.01
A2801.01
2901.01
3001.01
3101.01
3201.01
3301.01
A3501.01
A3601.01
4302.01
4401.01