

April 28, 2006

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

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OFFICE OF THE SECRETARIAT

Reference File # 2668.01
Rule Certification

Dear Ms. Webb:

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

- Amendments to CBOT Rulebook Chapter 2 "Membership", and to related provisions, per the attached texts (additions underlined; deletions struck through).

The referenced amendments represent a comprehensive streamlining and updating of this rulebook chapter. In addition, certain existing provisions from Rulebook Chapters 3 and 4 are being relocated to Chapter 2 to achieve a more logical arrangement of related rules. The key changes incorporated in the revised Chapter 2 are summarized below.

- Rule 230 and Regulation 230.02 establish a new category of member firm, the "Trading Member Firm". Non-clearing entities may qualify for Trading Member Firm status and gain eligibility for reduced transaction fees through the registration of Series B memberships, without being required also to register shares of CBOT Holdings, Inc. Class A common stock. (Member firms which register both memberships and stock as specified in these provisions will qualify as "Equity Member Firms". Equity Member Firms will be eligible for transaction fee rates lower than these applicable to Trading Member Firms.)
- Regulation 201.02 requires a clearing firm to notify the Exchange if it has actual knowledge that a member whose trades it clears has been suspended or expelled from another self-regulatory organization or has been convicted of a felony. This obligation is consistent with the obligation of a clearing member firm to notify the Exchange of the bankruptcy of a member whose trades it clears pursuant to Rule 270.00. Regulation 201.02 also includes as triggering events not only a suspension or expulsion, but also a bar from association with members or an order prohibiting a former member from reapplying for membership, since these events are similar in their impact and severity.

- Rule 202.00 and Regulation 202.03 currently only authorize the Membership Committee to make a recommendation that an applicant for membership should be denied, after a hearing, and grant the authority to make the final decision to the Regulatory Compliance Committee. Under the revised provisions the Membership Committee's decision will be final, while providing an applicant with the right to appeal a denial to the Appellate Committee. Similarly, reference to the Regulatory Compliance Committee is being removed from Regulation 201.02, with respect to reconsideration of membership, and from Regulation 230.14, with respect to applications to register a membership for a member firm. (In the context of reconsideration of membership, there would be no right of appeal to the Appellate Committee, since any expulsion would be imposed by the Board upon the recommendation of the Membership Committee.)
- Regulation 207.01 (which is the relocated Rule 333.00) clearly states the obligations of a Primary Clearing Member ("PCM") by indicating that the PCM would "guarantee and assume complete responsibility for all trades and orders executed or directed to be executed by [the] non-clearing member, including all orders that such non-clearing member executes or fails to execute, either negligently, or in violation of Exchange rules and regulations."

Regulation 207.01 also explicitly permits a member who believes that his PCM is unreasonably withholding a release to file an arbitration claim and would provide an additional basis for withholding a release (which may overlap with the currently specified bases), namely the existence of a Control Agreement with the PCM under Regulation 252.01, with respect to the member's membership and/or shares of Class A common stock, in order to secure an indebtedness.

In addition, Regulation 207.01 currently provides that when PCMs make claims against the transfer of a membership under Rule 252.00 for trading losses, payment shall be made in the chronological order of revocation of PCM status, such that the earliest debt would be paid first, and the first PCM would have priority over the current PCM. In the revised regulation, this order is being reversed, such that the current PCM would be paid first, and the oldest debt would be paid last. This provision also is being relocated to Rule 252.00 and will only become effective with respect to debts incurred after the rule change.

- Regulation 230.05 (formerly Regulation 230.03) "Designated Persons" provisions are being eliminated because they are unnecessary in light of other current rules and regulations and Exchange procedures.

- Regulation 230.06 (formerly Regulation 230.05) is being amended so that the eighteen month grace period that had formerly been given to pool and hedge fund member firms to acquire the six previously required memberships will not apply to new Equity Member Firms in this category that become member firms after the effective date of the change. This grace period is being eliminated because, although Equity Member Firms will still be required to obtain 4 Series B-1 (Full) and 2 Series B-2 (Associate) memberships, they can qualify as Trading Member Firms once they acquire 2 Series B-1 (Full) and 1 Series B-2 (Associate) memberships.
- Regulation 230.07 (formerly Regulation 230.06) retains the 30-day grace period for a member firm to notify the Exchange of a replacement nominee on a firm-owned membership when the prior nominee leaves the employ of the member firm. However, Regulation 230.07 makes it explicit that member firm privileges would terminate immediately if the firm sold any of its qualifying Class A shares of common stock.
- Regulation 249.01 makes it explicit that claims by members and member firms, in order to be allowed, must result from conduct that occurred prior to the sale or transfer of the membership against which such claims are made.
- Regulation 250.01 permits the Exchange to retain the proceeds of a membership sale pending the outcome of any legal proceeding that is pending or is highly probable, and in connection with which the member may be required to indemnify the Exchange pursuant to Rule 209.00.
- The sixth priority under Rule 252.00 is being amended to make it clear that members and member firms may not assert claims that relate to trades executed on other exchanges.
- Regulation 278.01 currently provides that a member against whom a Rule 278.00 complaint has been filed is entitled to arbitration if he denies the complaint, and it places the burden for filing the arbitration proceeding on the defaulting member. Under the revised regulation, the complaining member will be the party to file the arbitration claim.

- Rule 286.00 requires clearing members to file monthly reports with the Exchange listing those members whose trades that they clear who have an unsecured indebtedness to such clearing members of \$5,000 or more. The rule also provides that the Exchange shall furnish such information to other clearing members upon written request. Based on a lack of requests by clearing members for the information which the Exchange maintains under this rule, the Exchange has determined that the rule is no longer useful. Accordingly, it is being eliminated.

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 with respect to these amendments.

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

Sincerely,

Paul J. Draths
Vice President and Secretary

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

Chapter 2 Membership

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201.00 Application for Membership - Each application for membership shall be in writing and filed with the Exchange. All applicants for membership shall be investigated as to the representations contained in the application. Upon receipt of the application for membership, the Secretary shall, within fifteen days thereafter, make available to the membership the name of the applicant, ~~and shall post the same information on the bulletin board for a period of at least ten days after such notification to the membership.~~ 101 (12/01/03)

Any individual who wishes to acquire a membership for investment purposes only (and not for purposes of changing or influencing control of the CBOT or its affiliates) shall file an investor application as prescribed by the Exchange. An individual who is approved as an investor and who subsequently wishes to engage in trading activities on the Exchange will be subject to filing and approval of a membership application as prescribed by the Exchange.

201.02 Maintenance of Membership Qualifications

~~1. _____~~ Each applicant for membership, member and member firm immediately shall notify the Exchange, in writing, upon the occurrence of any of the following events:

- Such applicant's, member's or member firm's suspension or expulsion from, or bar from association with members of, any other exchange or self-regulatory organization, or any order prohibiting such applicant, member or member firm from reapplying for membership in, or trading privileges on, another 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 notify the Exchange within ten days of the occurrence of such an event shall be an act detrimental to the Exchange.

If a clearing member firm learns that any of the above-specified events have occurred with respect to a member or member firm whose trades it clears, the clearing member firm must also immediately provide written notice thereof to Secretary of the Exchange. For purposes of this provision, a clearing member firm will be deemed to have learned of such an event if an individual whose membership is registered on behalf of the clearing member firm, and who is also a general partner if the firm is a partnership, an officer or director if the firm is a corporation, or a manager if the firm is a limited liability company, has actual knowledge thereof.

~~Failure to notify the Exchange within ten days of the occurrence of such an event shall be an act detrimental to the 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~~ defined as a felony by the law of the applicable jurisdiction.

- (1) Upon the 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. In the case of a member or member firm, the Membership Committee

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~~which immediately shall review the matter to determine if there is sufficient basis to recommend promptly reconsider that the member's or member firm's membership status be reconsidered. In connection with such reconsideration, the member or member firm shall have the right to a hearing before the Membership Committee, pursuant to the hearing procedures set forth in Regulation 202.02, unless the Membership Committee determines to recommend that the Chairman of the Exchange take summary action as described in paragraph (2) below. However, a member will not be entitled to appear personally at the hearing, and will only be permitted to appear through counsel or another representative of his choosing, if he is incarcerated at the time of the hearing. The Membership Committee shall advise the Chairman of the Association of its determinations in this regard. Upon full consideration of all of the evidence before it, the Membership Committee may take one or more of the following actions:~~

- ~~(a) determine that the member's or member firm's membership status should not be modified;~~
- ~~(b) refer the matter to the Office of Investigations and Audits for an investigation to determine whether violations of the Rules and Regulations have occurred;~~
- ~~(c) recommend that the Board of Directors deny the member's or member firm's access to the floor or to the e-cbot system pending the conclusion of any investigation or disciplinary proceedings resulting therefrom, pursuant to Rule 521.00; or~~
- ~~(d) recommend that the Board of Directors expel the member or member firm.~~

~~(2) The Chairman of the 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 or membership, including denial of the member's or member firm's access to the floor or to the e-cbot system, without affording prior opportunity for hearing. Such action shall be subject to the procedures set forth in Regulation 540.06, except that any hearing shall be held before the Membership Committee, the Member Services Department shall be a party to the hearing and present the case on those matters which are the subject of the hearing, and a member will not be entitled to appear personally at a hearing, and will only be permitted to appear through counsel or another representative of his choosing, if he is incarcerated at the time of the 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~~

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~~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 a hearing conducted pursuant to Sections 1 or 2(c) 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 determine that the member's or member firm's membership status should not be modified confirm the member's good standing status, recommend that the deny the member's or member~~

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~~firm's access to the floor or to the e-cbot system pending the conclusion of any investigation or disciplinary proceedings, restrict the member's membership status, deny the member's floor access, issue fines, or recommend to the Board of Directors that the member or member firm 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.~~

202.00 Approval for Membership - If a majority of the Membership Committee present and voting cast affirmative votes, the applicant shall be approved. ~~The power to deny such applications is expressly reserved to the Regulatory Compliance Committee. 103 (07/01/03)~~

~~The Membership Committee may approve an applicant's admission to membership by a majority vote or the Chairman of the Membership Committee may delegate to the Member Services Department the power to approve applications for membership. However, the Member Services Department shall refer any application to the Membership Committee for its review if the applicant has disclosed, or an investigation has revealed, any of the following: disciplinary or criminal history; bankruptcy filings; unsatisfied indebtedness to any person or entity in the commodities or securities business; negative net worth; or that the applicant has falsely answered any question on the membership application.~~

~~The Membership Committee may, in its discretion, require an applicant to appear in person for an examination before the Committee or before a representative of the Member Services Department. If the Committee determines not to approve an applicant after reviewing his or her membership application and considering any such examination, the Committee shall issue a preliminary denial letter, and the applicant shall be entitled to a hearing before the Committee in accordance with Regulation 202.02.~~

~~**202.01A — Investor Application** — Any individual who wishes to acquire a membership for investment purposes only (and not for purposes of changing or influencing control of the CBOT or its affiliates) shall file an investor application as prescribed by the Exchange. The name of the individual investor applicant will be posted and made available to the membership in accordance with the provisions of Rule 201.00. The application will be subject to approval by the Chairman of the Membership Committee or, upon delegation by the Chairman, the Member Services Department. The power to deny such an application is expressly reserved to the Regulatory Compliance Committee. An individual who is approved as an investor and who subsequently wishes to engage in trading activities on the Exchange will be subject to filing and approval of a membership application as prescribed by the Exchange. (07/01/05)~~

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 documents in the possession or under the control of the Exchange upon which the Member Services Department will rely in presenting the issue(s) contained in the Preliminary Denial Letter or which are relevant to those issues. The respondent shall make his or her request to examine any such documents by submitting it in writing to the Member

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Services Department as soon as practicable. At least ten (10) business days in advance of the hearing, the Member Services Department shall submit to the hearing officer, with a copy to respondent, copies of all documents which the Member Services Department intends to rely upon in presenting its case, as well as the names of any witnesses the Department intends to call. ~~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 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 Department shall be entitled in advance of the hearing to examine all documents in the possession or under the control of the respondent which will be relied upon by the respondent in addressing the issue(s) contained in the Preliminary Denial Letter or which are relevant to those issues. The Member Services Department shall make its request to examine any 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 Department shall submit to the hearing officer, with a copy to respondent, copies of all documents which the Member Services Department intends to rely upon in presenting its case, as well as the names of any witnesses the Department intends to call.~~ 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 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.
- (c) Any dispute over a request to examine any document 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) The hearing panel may refuse to consider any document which was not made available to the opponent of the evidence or was not disclosed in accordance with this ~~paragraph~~ regulation. 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.

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- (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 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 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. (04/01/05)

202.03 Membership Committee's Preliminary Decisions - All preliminary decisions rendered by the Membership Committee to deny an applicant after a hearing shall be in writing and shall be based upon the weight of the evidence contained in the record of the proceeding. A copy of the decision shall be provided to the respondent and shall include:

- (a) The issue(s) presented to the Committee;
- (b) ~~The response submitted by the applicant or member, if any, or a summary of the answer;~~
- (be) A brief summary of the evidence produced at the hearing;
- (cd) A statement of findings and conclusions with respect to the issue(s) presented; and
- (de) A declaration containing the Committee's ~~preliminary decision to deny the applicant;~~
- (f) ~~—————All such decisions shall be rendered within thirty business days after the conclusion of the hearing, unless, by virtue of the complexity of the issue or other special circumstances, additional time is required;~~ (g) ~~The Committee shall give respondent reasonable notice of the date on which its recommendation, based on its preliminary decision, will be forwarded to the Regulatory Compliance Committee for its consideration. (07/01/97) If an application is denied by the Membership Committee after a hearing, the applicant may appeal the denial to the Appellate Committee pursuant to the procedures set forth in Regulation 540.05. However, the decision of the Appellate Committee shall be final and may not be appealed to the Board.~~

204.00 ~~—————Membership Obtained by Fraud~~ A membership obtained by fraudulent representations or concealment shall be disposed of by the Board. 106 (08/01/94)

206.02 Gratuities - No member of the Exchange shall employ any employee of the Exchange or of the Clearing Services Provider, for any service ~~outside the hours of regular employment by the Exchange or such Clearing Services Provider, without having first obtained the written approval of the President of the Exchange or of the Clearing Services Provider, as the case may be applicable, and registering therewith the name of said employee, the nature of the services rendered, and the amount of said compensation.~~

No member shall give any compensation or gratuity to an employee of the Clearing Services

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~~Provider without the written approval of unless the giving of such compensation or gratuity be first submitted in writing to the Clearing Services Provider and approved.~~

No member, member firm or employee thereof shall directly or indirectly give or offer to give any compensation or gratuity in excess of \$250 (or having a reasonable aggregate value in excess of \$250) per person per year to any employee of the Exchange. Employees of the Exchange are forbidden to accept any compensation or gratuity in excess of \$250 from any member, member firm or employee thereof ~~for any service rendered or to be rendered without the written approval of unless the giving of such compensation or gratuity be first submitted in writing to the President and approved of the Exchange.~~ A gift of any kind is considered a gratuity.

No member, member firm or employee thereof, shall give or offer to give gratuities to, or accept gratuities from, any other member, member firm or employee thereof in an amount exceeding that which may be considered reasonable and proper under normal business practices as determined by the Business Conduct Committee. The giving or offering to give gratuities to a member, member firm or employee thereof is not to become a vehicle to obtain Exchange related business in a non-competitive fashion. The requirements of this Regulation apply to both the provider and the recipients of such gratuities. Failure to comply with this Regulation may be deemed an act detrimental to the interest or welfare of the Exchange. (07/01/05)

207.00 Service Office Address - Every member shall register with the Secretary Exchange an address and subsequent changes thereof where notices may be served. 128 (08/01/94)

~~**207.01 Primary Clearing Member** - Every member shall register the name and clearing house number of his or her Primary and Secondary Clearing Member with the Member Services and Member Firm Staff Services Department. If applicable, the registration shall include the name and clearing house number of any division of the clearing member firm. In addition, every member shall notify the Member Services and Member Firm Staff Services Department of any changes in his or her Primary and/or Secondary Clearing Member, including the name and clearing house number of the division thereof if applicable. (07/01/97)~~

207.01 Primary Clearing Member and Other Clearing Members -

- (a) **PRIMARY CLEARING MEMBER.** Each non-clearing member who executes trades on the Exchange must have one Primary Clearing Member who will accept and clear the member's personal trades. A written authorization must be on file with the Member Services Department authorizing such non-clearing member, without qualification, to submit trades through such Primary Clearing Member, and designating such clearing member as the non-clearing member's Primary Clearing Member. Such Primary Clearing Member shall guarantee and assume complete responsibility for all trades and orders executed or directed to be executed by such non-clearing member, including all orders that such non-clearing member executes or fails to execute, either negligently, or in violation of Exchange rules and regulations.
- (b) **OTHER CLEARING MEMBERS.** A non-clearing member may have one or more clearing members, in addition to his Primary Clearing Member, through whom he may also clear his trades, provided he has written permission to do so from his Primary Clearing Member. However, as provided in Rule 252.00, such other clearing member's

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claims shall be subordinated to the claims of the Primary Clearing Member. Such written permission of the Primary Clearing Member must be filed with the Member Services Department. Written authorization from the other clearing member, authorizing the non-clearing member to submit trades through the clearing member, must also be filed with the Member Services Department. Thereafter, such clearing member shall be liable upon all trades made by the non-clearing member for an account maintained with the clearing member (unless authorization is revoked as provided in (c) below) and shall be a party to all disputes arising from trades between the authorized non-clearing member and another member or member firm made for an account maintained with the clearing member.

(c) **REVOCATION OF AUTHORIZATION.** A revocation of authorization, either by a Primary Clearing Member or another clearing member, must be filed in writing with the Member Services Department and will become effective when notice of such revocation is made available to the membership. A non-clearing member whose Primary Clearing Member has revoked authorization shall be denied access to the Floor until another clearing member has designated itself as the non-clearing member's Primary Clearing Member, pursuant to (a) above. Revocation of a non-clearing member's authorization to execute transactions through the e-cbot system shall be in accordance with Regulation 9B.08.

(d) The non-clearing member will not be permitted to submit a new Primary Clearing Member authorization or clear trades through a new Primary Clearing Member until such time as the former Primary Clearing Member files a release with the Member Services Department. A Primary Clearing Member who has revoked Primary Clearing Member status to a non-clearing member must give the non-clearing member a release upon the non-clearing member's request when the non-clearing member has obtained a new Primary Clearing Member unless the non-clearing member has an unsatisfied indebtedness to the Primary Clearing Member (1) where the indebtedness is due to a deficit arising from futures or options transactions on the Exchange, (2) where the Primary Clearing Member is the guarantor under an existing valid guarantee of a loan which had been made to the non-clearing member exclusively for the purpose of financing the purchase of the non-clearing member's membership, or (3) where the member has entered into an existing valid Control Agreement with the Primary Clearing Member under Regulation 252.01, with respect to his membership and/or any shares of Class A common stock of CBOT Holdings, in order to secure an indebtedness. A non-clearing member who believes that his Primary Clearing Member is unreasonably withholding a release may file an arbitration claim pursuant to the procedures set forth in Chapter 6.

207.02 Primary Clearing Member Permission for Member Registration - A member may register his or her membership and any restricted shares of Class A common stock of CBOT Holdings for a member firm under Rule 230.00, if that 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.

207.03 Error Accounts -

(a) Each non-clearing member who acts as a floor broker (i) shall maintain a personal error account with his Primary Clearing Member into which he places brokerage errors; and (ii) may maintain personal error accounts at one or more other clearing members, in addition

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to his Primary Clearing Member, provided he has written permission to do so from his Primary Clearing Member on file with the Member Services Department. This requirement shall not apply to a floor broker who solely initiates and/or enters trades on behalf of a member firm's proprietary account, as defined in Regulation 244.03.

- (b) Each clearing member who carries an error account agrees to accept and clear the broker's trades involving brokerage errors. A written authorization must be filed with the Member Services Department authorizing the broker, without qualification, to submit trades involving brokerage errors through such clearing member. Such clearing member shall be liable upon all trades involving brokerage errors that are submitted to the error account (unless authorization is revoked as provided herein) and shall be a party to all disputes involving trades between the broker, in his capacity as a broker, and another member or member firm that may ultimately be submitted to the error account. Revocation of authorization granted pursuant to this Regulation must be filed in writing with the Member Services Department and will become effective when notice of such revocation is made available to the membership.

207.04 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 Regulation 215.01:

- (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 Exchange 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 Exchange 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 to determine if sufficient grounds exist to warrant continuation of the suspension pending a final determination by the Arbitration Committee. Exchange proceedings in this regard will be conducted in accordance with Regulation 540.60 "Procedures for Member Responsibility Actions".

208.00 Conducting Business Under a Firm Name—An individual may conduct his business under a firm name provided it is clearly stated on all letterheads, statements, and other business forms that the individual is the sole owner of the firm. 132 (08/01/94)

211.00 Membership Trading Privileges - Members shall be allowed to trade all existing and prospective futures and/or options contracts which shall be listed from time to time in the markets specified below:

- (a) Series B-1 (Full) members – Agricultural and Associated Market; Government Instrument Market; Index, Debt and Energy Market; and Commodity Options Market

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- (b) Series B-2 (Associate) members – Government Instruments Market; Index Debt and Energy Market; and Commodity Options Market
- (c) Series B-3 (GIM) members – Government Instruments Market
- (d) Series B-4 (IDEM) members – Index, Debt and Energy Market
- (e) Series B-5 (COM) members – Commodity Options Market

Members shall have the right, subject to the Rules and Regulations of the Exchange, to trade as principal and as broker for others, to communicate from the Floor of the Exchange with persons not on the Floor of the Exchange, and to solicit orders from others from the Floor of the Exchange, only with respect to the eligible futures and/or options contracts designated above.

Series B-2 (Associate), Series B-3 (GIM), Series B-4 (IDEM), and Series B-5 (COM) memberships shall not carry with them the attributes of Series B-1 (Full) memberships under Article Fifth(b) of the Certificate of Incorporation of the Chicago Board Options Exchange. (05/01/05)

212.01 Registered Entities - Notwithstanding any other Regulation, any member who is associated as a partner, shareholder, member, officer, manager, employee, or consultant with any entity or natural person that is or should be registered as an Introducing Broker, Futures Commission Merchant, Commodity Trading Advisor or Commodity Pool Operator as those terms are defined in Section 1a of the Commodity Exchange Act and/or 17 C.F.R. 1.3, may not solicit orders of others from the Floor of the Exchange unless the entity or natural person for which or for whom the member is soliciting orders is also a member firm or a member of the Exchange.

221.00 Delegation - An individual member may delegate the trading rights and privileges of a Series B-1 (Full), Series B-2 (Associate), Series B-3 (GIM), Series B-4 (IDEM), or Series B-5 (COM) membership to an individual (a "delegate") upon the following terms and conditions:

- (a) The delegate shall first be approved by the Exchange under the standards of Rule 200.00 and shall sign a written agreement to become familiar with, observe and be bound by the Certificate of Incorporation, Bylaws, Rules, and Regulations of the Exchange, and all amendments subsequently made thereto. An approved delegate, who is not subject to a suspension or expulsion, shall remain approved to enter a new delegation agreement within six (6) months following the termination of the previous delegation agreement. The Exchange may, in its discretion, grant extensions of this six (6) month approval period.
- (b) The delegation agreement, any amendment thereto, and any termination, revocation, or renewal thereof, shall be in writing in such form as the Exchange may prescribe, and a copy thereof shall be filed by the member with the Exchange as a precondition to its effectiveness: Provided, however, the delegation agreement shall terminate automatically upon the happening of any of the following events:
 - (1) Loss of any of the qualifications for entering a delegation agreement, such as sale of the membership of the member or expulsion of the member or the delegate; or
 - (2) The suspension of the member or the delegate by the Exchange;

However, if a delegation agreement terminates automatically as the result of a sale of the membership, the termination will not take effect until payment of the purchase price has been made, or ~~5:00~~4:30 p.m. of the next business day following the day on

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which the purchaser was notified that his bid was matched to an offer, whichever is later. The delegate will continue to have the right to exercise the trading rights of the membership and the purchaser will not be permitted to exercise such trading rights until the effective time of the termination, regardless of whether the purchaser has paid the purchase price prior to that time. Moreover, the selling member will continue to be subject to all of the liabilities described in paragraph (c)(1) below, which arise from the delegate's use of the trading rights of the membership until the effective time of such termination, regardless of whether the purchaser has paid the purchase price prior to that time.

- (c) (1) The member shall remain liable for an amount up to, but not in excess of, the value of the member trading rights (and the lessor's shares of Class A common stock of CBOT Holdings if, and only to the extent that, such shares are registered for an e-cbot member firm or a member firm affiliate under Rule 230.00 or Regulation ~~230.03~~~~450.02D~~) for the debts, acts and delinquencies of the delegate (or the e-cbot member firm or member firm affiliate, if applicable) arising from the delegate's use of the member trading rights. The member trading rights so delegated (and the lessor's shares of Class A common stock of CBOT Holdings described above, if applicable) may be sold to satisfy any such liability in accordance with the Rules and Regulations of the Exchange. Delegation shall not relieve the member of any of his obligations or liabilities which he might otherwise have by virtue of being a member of the Exchange to other members of the Exchange;

(2) Upon the termination or expiration of the delegation agreement, the Exchange shall make notice thereof available to the membership. Thereafter, all members and delegates who may have claims against the delegate (or any e-cbot member firm or member firm affiliate for which the leased seat has been registered pursuant to Rule 230.00 or Regulation ~~230.03~~~~450.02D~~) may file claims pursuant to Regulation 249.01(g~~h~~). The member entering into a delegation agreement shall be responsible for the payment of those claims allowed by the Exchange and not satisfied promptly by the delegate (or the e-cbot member firm or member firm affiliate, if applicable), but only to the extent of the value of the membership so delegated (and the lessor's shares of Class A Common stock of CBOT Holdings if, and only to the extent that, such shares are registered for an e-cbot member firm or a member firm affiliate under Rule 230.00 or Regulation ~~230.03~~~~450.02D~~);

* * * *

221.05 Delegates' Clearing Members -

- (1) Except as provided in paragraph (2) below, no delegate may receive clearing authorization from any Primary Clearing Member, or from any other Clearing Member, pursuant to Rule ~~[333-00]~~ 207.01 without first having:
- (a) obtained written permission from his/her member-delegator; and
 - (b) filed such written permission with the Department of Member Services.
- (2) In the event that a delegate cannot obtain written permission from his/her member-delegator before he or she receives clearing authorization from a new Primary Clearing Member, such delegate may nevertheless obtain such clearing authorization if the new Primary Clearing Firm executes and submits to the Department of Member Services a

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suretyship agreement inuring to the benefit of the member-delegator and in a form approved by the Exchange. However, the delegate must obtain his/her member-delegator's permission within 30 days of changing Primary Clearing Members. If the delegate does not obtain the permission within that period, he or she will be denied access to the floor and to the e-cbot system. The delegate will not be able to regain access to the floor or to the e-cbot system until such permission is submitted to the Department of Member Services. (04/01/99)

221.09 Delegation of Firm-Owned Memberships - A member firm may delegate the rights and privileges of a firm-owned membership to an individual ("delegate") upon the terms and conditions set forth in Rule 221.00, but only if the membership being delegated is not necessary to satisfy the requirements for registration as a member firm ~~or, if applicable, as a clearing member firm,~~ in the applicable category, under Rule 230.02, ~~except as otherwise provided in Rule 230.00 and Regulation 230.02.~~ Notwithstanding the foregoing, a member firm that is not a clearing member firm or a registered futures commission merchant may delegate all of its firm-owned memberships, including any memberships that are required for its own registration under Rule 230.00, upon the terms and conditions set forth in Rule 221.00. During the term of the delegation of any firm-owned membership that is required to qualify such a member firm, the firm will not be entitled to member firm transaction fees. However, during the term of any delegation of the qualifying memberships of a member firm, the firm will remain subject to all applicable Exchange Rules and Regulations, including the disciplinary procedures set forth in Chapter 5, and the arbitration procedures set forth in Chapter 6.

222.00 Multiple Membership - A member may own more than one membership in his name, and a member firm may own ~~the title and value of~~ more than one membership pursuant to Regulation 249.01(b). 872 (08/01/94)

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230.00 Registration of Memberships and Shares of Class A Common Stock to Qualify a Member Firm - An eEligible bBusiness oOrganization may qualify as be a member firm of the Exchange if the required numbers of memberships and/or shares of Class A common Stock of CBOT Holdings are registered on behalf of the firm, as specified in Regulation 230.02.

All registered memberships must be in the name of a principal or employee of the member firm. Such principal or employee shall be referred to as a “nominee” with respect to the membership. All registered shares of Class A common stock of CBOT Holdings must be in the name of the member firm, or one or more member-principals or member-employees of the member firm. Registered memberships and registered shares are not required to be in the name of the same individuals. All such membership or share registrations may be terminated at any time by the Exchange, or by the member firm, the nominees or the registering shareholders, as applicable, with the prior written approval of the Exchange.

No shares of Class A common stock of CBOT Holdings that are qualifying a member firm, or a member firm affiliate under Regulation 230.02 or 230.03, may be sold, pledged, hypothecated, lent, re-registered or otherwise transferred without the prior written approval of the Exchange. Each member or member firm registering shares of Class A common stock to qualify a member firm or member firm affiliate is deemed to acknowledge that the Exchange has control over such shares and must comply with any policies or procedures established by the Exchange to effect control over such shares.

All memberships and/or shares of Class A common stock of CBOT Holdings that are owned by a member firm that is not a clearing member firm or a registered futures commission merchant may be in the name of a principal or employee of, and may be registered (except as provided in Rule 249.01(b)(i)) on behalf of, another member firm which is wholly owned by such member firm, which wholly owns such member firm, or which is wholly owned by the same parent company(ies) as such member firm. During the term that any such memberships or shares that are necessary to qualify the member firm are registered on behalf of such other member firm, the member firm owning the memberships or shares will not be entitled to member firm transaction fees. However, any such member firm will remain subject to all applicable Exchange Rules and Regulations, including the disciplinary procedures set forth in Chapter 5, and the arbitration procedures set forth in Chapter 6.

~~with respect to all contracts if one Series B-1 (Full) membership is in the name of any principal or employee thereof, and such membership and 27,338 shares of Class A common stock of CBOT Holdings (which are in the name of the organization or one or more principals or employees thereof) are registered on behalf of such organization. Such membership and shares of Class A common stock may be acquired and registered as a combination or as separate interests in one or more transactions. Such principal or employee shall be referred to as a “nominee” with respect to the membership whether the membership is firm owned or owned by such principal or employee.~~

~~Notwithstanding the foregoing, four (4) Series B-1 (Full) memberships and two (2) Series B-2 (Associate) memberships must be in the name of any principals or employees of an Eligible Business organization, and such memberships and 129,352 shares of Class A common stock of CBOT Holdings (which are in the name of the organization or one or more principals or employees thereof) must be registered on behalf of such organization, in order for such organization to be a member firm under Regulation 230.02, Category (3) “other Non-FCM-Non-clearing”. Any such memberships or shares of Class A common stock may be acquired and registered as a combination or as separate interests in one or more transactions.~~

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~~An Eligible Business Organization which is a non-FCM, non-clearing entity and (1) which is wholly owned by one or more members or member firms, (2) which wholly owns a member firm, or (3) which is wholly owned by the same parent company(ies) as a member firm, may be a member firm of the Exchange under Regulation 230.02, Category 2(e), only with respect to those contracts in which Series B-2 (Associate) members have trading privileges if one Series B-2 (Associate) membership is in the name of any principal or employee of such organization, and such membership and 10,000 shares of Class A common stock of CBOT Holdings (which are in the name of the organization or one or more principals or employees thereof) are registered on behalf of such organization. Such membership and shares of Class A common stock may be acquired and registered as a combination or as separate interests in one or more transactions.~~

~~An Eligible Business Organization may be a member firm of the Exchange under Regulation 230.02, Category (4), solely for the purpose of conducting non-clearing business on e-cbot pursuant to Chapter 9B: (1) if one Series B-2 (Associate) membership is in the name of any principal or employee of such organization, and such membership and 10,000 shares of Class A common stock of CBOT Holdings (which are in the name of the organization or one or more principals or employees thereof) are registered on behalf of such organization; or (2) if one Series B-1 (Full) membership, leased in the name of a principal or employee of such organization, and 27,338 shares of Class A common stock of CBOT Holdings (which are either in the name of the lessor of the membership, or of the organization or one or more principals or employees thereof) are registered on behalf of such organization; or (3) if one Series B-2 (Associate) membership, leased in the name of a principal or employee of such organization, and 10,000 shares of Class A common stock of CBOT Holdings (which are either in the name of the lessor of the membership, or of the organization or one or more principals or employees thereof) are registered on behalf of such organization. Any such memberships or shares of Class A common stock may be acquired and registered as a combination or as separate interests in one or more transactions.~~

~~An Eligible Business Organization may be a member firm of the Exchange under Regulation 230.02, Category (6) "Investment Only" if a Series B membership is in the name of any principal or employee of such organization, and such membership and a number of shares of Class A common stock of CBOT Holdings (which are in the name of the organization or one or more principals or employees thereof) are registered on behalf of such organization in at least one of the following combinations;~~

- ~~———— One Series B-1 (Full) membership and 27,338 shares;~~
- ~~———— One Series B-2 (Associate) membership and 10,000 shares;~~
- ~~———— One Series B-3 (GIM) membership and 5,000 shares;~~
- ~~———— One Series B-4 (IDEM) membership and 1,100 shares; or~~
- ~~———— One Series B-5 (COM) membership and 2,500 shares.~~

~~Such membership and shares of Class A common stock may be acquired and registered as a combination or as separate interests in one or more transactions.~~

~~Those individuals who desire to register memberships and shares of Class A common stock of CBOT Holdings on behalf of an Eligible Business Organization shall make application to the Exchange, giving therein such information as may be requested. If the application is granted, the memberships and shares of Class A common stock of CBOT Holdings shall be registered for the benefit of the member firm, and such member firm shall be entitled to member firm~~

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~~privileges with respect to all contracts or only with respect to contracts in which Series B-2 (Associate) Members have trading privileges, as the case may be.~~

~~An Eligible Business Organization, having been first qualified as a member firm pursuant to this Rule 230.00 may be a CBOT Clearing Member and entitled to clearing privileges with respect to all contracts, pursuant to the registration requirements of Rule 703.00. Member firms shall be subject to all requirements and prohibitions contained in the Rules and Regulations applicable to members, and in such cases,~~

230.01 Ownership of Registered Memberships and Registered Shares - ~~For purposes of Rule 230.00 and Regulation 230.02, all Series B memberships and all shares of Class A common stock of CBOT Holdings registered on behalf of a member firm must be owned by either the member firm, another member firm which is wholly owned by such member firm, which wholly owns such member firm, or which is wholly owned by the same parent company(ies) as such member firm, or the nominees or member-shareholders who registered such memberships or shares, except in those instances where a leased membership and/or the lessor's shares of Class A common stock may be registered for a member firm or a member firm affiliate under Rule 230.00 or Regulation 230.02 or 230.03.~~

~~all nominees shall be subject to discipline and the registered memberships and shares of Class A common stock of CBOT Holdings shall be subject to sale by the Exchange for the acts or delinquencies of the member firm for which they are registered. In addition, the proceeds of the sale of registered memberships and shares of Class A common stock of CBOT Holdings shall be subject to claims pursuant to Rule 252.00. All such registrations may be terminated at any time by the Exchange, or by the nominees with the prior written approval of the Exchange.~~

~~All memberships that are owned by a Regulation 230.02, Category (2b), (3), or (6) member firm may be delegated upon the terms and conditions set forth in Rule 221.00. All memberships and shares of Class A common stock of CBOT Holdings that are owned by a Regulation 230.02, Category (2b) or (3) member firm may be in the name of a principal or employee of, and may be registered, on behalf of, another member firm which is wholly owned by such member firm, which wholly owns such member firm, or which is wholly owned by the same parent company(ies) as such member firm. During the term of any such delegation or registration on behalf of another member firm, the Category (2b) or (3) member firm owning the membership(s) and shares of Class A common stock will not be entitled to member firm transaction fees. In addition, no Category (6) member firm will be entitled to member firm transaction fees. However, any such Category (2b) or (3) member firm, and Category (6) member firms, will remain subject to all applicable Exchange Rules and Regulations, including the disciplinary procedures set forth in Chapter 5, and the arbitration procedures set forth in Chapter 6.~~

~~For purposes of this Rule 230.00 and Regulation 450.02D, all Series B memberships and all shares of Class A common stock of CBOT Holdings registered on behalf of a member firm or member firm affiliate must be owned by either the member firm, the member firm's affiliates or the nominees who registered such memberships or shares, except in those instances where a leased membership and the lessor's shares of Class A common stock of CBOT Holdings may be registered for a member firm or a member firm affiliate under Rule 230.00 or Regulation 450.02D. 226 (08/01/05)~~

230.01 Registered Entities ~~Notwithstanding any other Regulation, any member who is associated as a partner, shareholder, member, officer, manager, employee, or consultant with~~

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any entity or natural person that is or should be registered as an Introducing Broker, Futures Commission Merchant, Commodity Trading Advisor or Commodity Pool Operator as those terms are defined in Section 1a of the Commodity Exchange Act and/or 17 C.F.R. 1.3, may not solicit orders of others from the Floor of the Exchange unless the entity or natural person for which or for whom the member is soliciting orders is also a member firm or a member of the Exchange. (05/01/05)

230.02 Registration of Memberships and Class A Shares for Eligible Business Organizations—a Member Firm- An individual desiring to register a membership and/or shares of Class A common stock of CBOT Holdings ~~for~~ in order to qualify an eligible ~~b~~Business ~~o~~Organization as a member firm under Rule 230.00, and an eligible business organization seeking to qualify as a member firm, shall submit ~~an~~ applications in the forms designated by the Exchange, giving the name of the Eligible Business Organization and the business in which it is engaged, and any other information requested by the Exchange. The application must also show that the member is a principal or employee of the Eligible Business Organization. In addition, the application must designate the type of business activity, from the following list, for which registration is requested: The categories of member firms and the numbers of memberships and/or numbers of shares of Class A common stock of CBOT Holdings that must be registered on behalf of a member firm in each category are listed below.

<u>Membership Type</u>	<u>Trading Rights</u>	<u>Class A Shares</u>
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Clearing Member Firms

(1a) Registered FCM	2 Series B-1 (Full)	54,676
(1b) Proprietary Trading Firm	1 Series B-1 (Full)	27,338
(1c) Sole Proprietor	1 Series B-1 (Full)	27,338

Equity Member Firms

(2a) Registered FCM	1 Series B-1 (Full)	27,338
(2b) Proprietary Trading Firm	1 Series B-1 (Full); or	27,338
	1 Series B-2 (Associate)	10,000
(2c) Pools, Hedge Funds or Other	4 Series B-1 (Full) and	
Collective Investment Vehicles	2 Series B-2 (Associate)	129,352

(Category (2c) qualifies the Equity Member Firm, and up to five additional such entities where the firm exercises trading control over, is under common trading control with, or wholly owns such entities.)

Trading Member Firms

(3a) Registered FCM	1 Series B-1 (Full)	None
(3b) Proprietary Trading Firm	1 Series B-1 (Full); or	None
	1 Series B-2 (Associate); or	None
	1 Series B-4 (IDEM); or	None
	1 Series B-5 (COM)	None
(3c) Pools, Hedge Funds or Other	2 Series B-1 (Full) and	

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Collective Investment Vehicles	1 Series B-2 (Associate)	None
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(Category (3c) qualifies the Trading Member Firm, and up to two additional such entities where the firm exercises trading control over, is under common trading control with, or wholly owns such entities. Each additional Series B-1 or Series B-2 membership qualifies one additional such entity that meets the foregoing requirements.)

(4) e-cbot Member Firms	1 Series B-1 (Full) – Leased; or	None
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	1 Series B-2 (Associate) – Leased	None
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(5) Investment Only Member Firms	1 Series B-1 (Full)	None
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	1 Series B-2 (Associate)	None
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	1 Series B-3 (GIM)	None
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	1 Series B-4 (IDEM)	None
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	1 Series B-5 (COM)	None
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Proprietary Trading Firms, whether they are Equity Member Firms or Trading Member Firms, must be wholly-owned by members or members and employees of the firm; or must have a business purpose deemed appropriate by the Exchange, including cash grain firms, financial institutions, market makers designated by the Exchange, proprietary trading firms (that do not otherwise meet the definition of a Pool, Hedge Fund or Other Collective Investment Vehicle) or other forms of business approved by the Exchange.

~~(1a) Registered Futures Commission Merchant (“FCM”) Clearing~~

~~(1b) Registered FCM Non-clearing.~~

~~(2a) Non-FCM Clearing.~~

~~(2b) Non-FCM Non-clearing. (Must be wholly owned by members or members and employees of the firm; or must have a business purpose deemed appropriate by the Exchange, including cash grain firms, financial institutions, market makers designated by the Exchange, proprietary trading firms that do not otherwise fall under category (3) below, or other forms of business approved by the Exchange.)~~

~~(2c) Non-FCM Non-clearing Series B-2 (Associate) member affiliate of another member firm (“member firm affiliate”).~~

~~(3) Other Non-FCM Non-clearing (Commodity pools, hedge funds, or other collective investment vehicles).~~

~~(4) e-cbot member firm.~~

~~(5) Sole Proprietor Clearing.~~

~~(6) Investment Only.~~

A member firm that is qualified by the registration of one or more Series B-1 (Full) memberships shall be entitled to member firm transaction fees for all contracts traded on the Exchange. A member firm that is qualified solely by the registration of a Series B-2 (Associate), Series B-4 (IDEM) or Series B-5 (COM) membership shall only be entitled to member firm transaction fees with respect to those contracts in which such members have trading privileges, respectively. However, no Investment Only Member Firm shall be entitled to member firm transaction fees.

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In order to qualify a new clearing member firm or a new registered futures commission merchant member firm, whether or not such firm is a current member firm in another category, If activity level (1a), (1b) or (2a) has been designated, the applicant shall submit the firm's the following financial information of the Eligible Business Organization: a certified financial statement prepared by an independent Certified Public Accountant as of the most recent fiscal year end, and a financial statement (which need not be certified) which is current as of the most recent preceding calendar month end. However, a Sole Proprietor that is seeking to qualify as a clearing member firm shall submit a financial statement in the form designated by the Exchange. In order to qualify a firm in all other firm membership categories, If activity level (2b), (2c), (3), (4) or (6) is designated, the applicant shall submit such financial information of the Eligible Business Organization firm that may be required, in the discretion of the Exchange. An applicant who is applying to be a Sole Proprietor CBOT Clearing Member shall submit a financial statement in the form designated by the Exchange.

If a member firm desires to change its member firm category, it must submit any documents required by the Exchange, and it must obtain the approval of the Exchange. The Exchange may, in its discretion, waive or modify any of the foregoing requirements regarding the submission of financial information, or grant temporary approval pending the submission of such financial information, in the case of changes in registration member firm category that are necessitated by reorganization of current member firms, currently registered with the Exchange.

Approval is required for a member firm changing or expanding its type of business to a higher level of business activity as set forth above. A member firm requesting approval to operate as a type (1a), (1b) or (2a) firm which was previously registered as any other type firm must first submit the financial information required for approval as a type (1a), (1b) or (2a) firm as specified above.

The Exchange may in its discretion grant temporary approval in the case of changes in registration necessitated by reorganization of firms currently registered with the Exchange.

Upon receipt of an application to qualify a new member for new firm registration for an Eligible Business Organization, the Exchange shall, within fifteen days thereafter, make the name of the firm available to the membership, the name of the Eligible Business Organization, and shall post the same information on the bulletin board for a period of at least ten days after such notification to the membership.

No membership nor any particular shares of Class A common stock of CBOT Holdings may be registered on behalf of more than one member firm or member firm affiliate.

Except as provided in Regulation 230.00221.09, no membership registered for any member firm under Rule 230.00 may be delegated under the provisions of Rule 221.00.

An eEligible bBusiness oOrganization which has been conditionally approved for member firm status shall have six (6) months after the date that it was notified of such approval, or within such extension of said period as may be granted by the Exchange, to satisfy any conditions or contingencies imposed on such approval. If the conditions or contingencies are not satisfied by the applicable deadline, the Exchange's approval of the eEligible bBusiness oOrganization for member firm status shall be deemed void. +060-(08/01/05)

230.03 Member Firm Affiliates and Designated Passive Investor Entities

(i) Member Firm Affiliates - For purposes of this regulation, the term "member firm affiliate" shall mean a non-futures commission merchant, non-clearing entity which is wholly owned by

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one or more member firms, which wholly owns a member firm, or which is wholly owned by the same parent company(ies) as a member firm. For purposes of this regulation, the term “member firm” shall refer only to a firm registered with the Exchange pursuant to registration categories (1a), (1b), (2a) or (2b) of Regulation 230.02.

(a) A member firm affiliate may qualify for delegate fee treatment (i.e., the applicable member firm fee plus the applicable delegate fee) with respect to its transactions on the Exchange: (1) if a Series B-1 (Full) membership, leased in the name of one of its principals or employees, and 27,338 shares of Class A common stock of CBOT Holdings are registered on its behalf; or (2) if a Series B-2 (Associate) membership, leased in the name of one of its principals or employees, and 10,000 shares of Class A common stock of CBOT Holdings are registered on its behalf.

(b) A member firm which owns one or more Series B-1 (Full) or Series B-2 (Associate) memberships, in addition to any memberships required for its own registration under Rule 230.00 (hereinafter “non-qualifying memberships”) may designate such a non-qualifying membership as well as non-qualifying (not required for the member firm’s own registration) shares of Class A common stock of CBOT Holdings, to make its member firm affiliate eligible for member firm transaction fee treatment. A non-qualifying membership and non-qualifying shares may not be designated for more than one member firm affiliate at any given time. A member firm affiliate, for which a non-qualifying Series B-1 (Full) membership has been designated, must have 27,338 shares of Class A common stock of CBOT Holdings either registered or designated on its behalf, in order to be eligible for member firm transaction fee treatment. A member firm affiliate, for which a non-qualifying Series B-2 (Associate) membership has been designated, must have 10,000 shares of Class A common stock of CBOT Holdings either registered or designated on its behalf, in order to be eligible for member firm transaction fee treatment.

(c) A member firm that has at least four (4) Series B-1 (Full) memberships and two (2) Series B-2 (Associate) memberships and 129,352 shares of Class A common stock of CBOT Holdings (which may be acquired and registered as combinations or as separate interests in one or more transactions) registered on its behalf, including any Series B-1 (Full) memberships and shares of Class A common stock of CBOT Holdings required for its own registration under Rule 230.00, may designate any number of its member firm affiliates for member firm transaction fee treatment. A member firm whose proprietary trading on the Exchange includes only agricultural contracts may, at its option, designate for member firm transaction fee treatment any number of its member firm affiliates whose proprietary trading on the Exchange also includes only agricultural contracts, if the member firm has at least five (5) Series B-1 (Full) memberships and 136,690 shares of Class A common stock of CBOT Holdings registered on its behalf (which may be acquired and registered as combinations or as separate interests in one or more transactions).

(ii) Member Firm Designation of Passive Investor Entities – A member firm that is registered with the Exchange pursuant to registration categories (1a), (1b), (2a) or (2b) of Regulation 230.02, and that has at least four (4) Series B-1 (Full) memberships and two (2) Series B-2 (Associate) memberships and 129,352 shares of Class A common stock of CBOT Holdings registered on its behalf, including any Series B-1 (Full) memberships and shares of Class A common stock of CBOT Holdings required for its own registration under Rule 230.00, and/or member firm affiliates of such a category (1a), (1b), (2a) or (2b) member firm, or a member firm registered with the Exchange pursuant to registration category (2c) of Regulation 230.02,

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may designate, for member firm transaction fee treatment, up to a total of five non-FCM, non-clearing passive investor entities, where the member firm or member firm affiliate exercises trading control over, or is under common trading control with, such entities, or in addition with respect to a category (2c) member firm, which wholly owns such entities. For purposes of this regulation, a “passive investor entity” is defined as a commodity pool, hedge fund, or other collective investment vehicle.

If a Regulation 230.02, category (1a), (1b), (2a) or (2b) member firm and/or its member firm affiliates, or (2c) member firm wishes to designate more than five passive investor entities as described in this paragraph (ii), there must be an additional four (4) Series B-1 (Full) memberships and two (2) Series B-2 (Associate) memberships and an additional 129,352 shares of Class A common stock of CBOT Holdings registered on the member firm’s behalf, in order for the member firm and/or member firm affiliates to be eligible to designate up to a total of six additional such entities.

(iii) Provisions Applicable to Designations of Member Firm Affiliates and Passive Investor Entities – All designations of member firm affiliates and passive investor entities, as described in paragraphs (i) and (ii) above, shall be subject to the following provisions:

- (a) In order to become effective, the designation must be documented with, and approved by, the Exchange in such manner as the Exchange prescribes.
- (b) Upon such designation, the member firm affiliate or passive investor entity shall be subject to the Exchange’s jurisdiction and to all duties and obligations imposed upon members and member firms under the Rules and Regulations; provided, however, that the Exchange may exempt such member firm affiliates or passive investor entities from any such duty or obligation which, in the Exchange’s sole judgment, is incompatible or in conflict with, or is unrelated to, the activities of the member firm affiliate or passive investor entity.
- (c) The Exchange may withdraw its approval of such designation for good cause.
- (d) A non-qualifying membership and non-qualifying shares of Class A common stock of CBOT Holdings described in paragraph (i)(b), and all of the memberships and shares of Class A Common stock of CBOT Holdings described in paragraphs (i)(c) and (ii), will be subject to sale by the Exchange for the acts or delinquencies of the member firm by which they are designated or for which they are registered, and/or for the acts or delinquencies of any member firm affiliate or passive investor entity that has been designated by the member firm under this regulation.
- (e) Upon the sale or transfer of a non-qualifying membership or any of the shares of Class A common stock of CBOT Holdings described in paragraph (i)(b) or any of the memberships or shares of Class A common stock of CBOT Holdings described in paragraphs (i)(c) and (ii), claims may be filed pursuant to Regulation 249.01(g) against the member firm by which they are designated or for which they are registered, and/or against any member firm affiliate or passive investor entity that has been designated by the member firm under this regulation.

230.04 Liability of Registered Memberships and Registered Shares – Member firms and member firm affiliates shall be subject to all requirements and prohibitions contained in the Rules and Regulations that are applicable to members, unless otherwise specified in the Rules and Regulations. All nominees on memberships registered to qualify a member firm or member firm affiliate shall be subject to discipline, and all registered memberships and registered shares of Class A common stock of CBOT Holdings shall be subject to sale by the

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Exchange for the acts or delinquencies of the member firm, or any member firm affiliate which is qualified by such registered memberships or shares, as well as for those of such nominees or any member-shareholders who have registered shares on behalf of the member firm. In addition, the proceeds of the sale or transfer of any registered memberships or registered shares of Class A common stock shall be subject to claims pursuant to Rule 252.00.

230.053 Designated Persons - Consent to Jurisdiction by Persons with a Financial Interest in, or Control over, a Member Firm -

- (a) ~~Subject to approval by the Exchange, which approval is in the absolute discretion of the Exchange, each 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) be a nominee for a membership registered on behalf of the member firm, or (ii) be registered with the Exchange by the member firm as a "Designated Person". A Designated Person shall be subject to the Rules and Regulations of the 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 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 entity, who or which holds more than a 25% financial interest in a member firm, or who or which exercises actual control over the management of the member firm may, at the Exchange's sole discretion, be required to execute a Consent to Jurisdiction in such form as may be prescribed by the Exchange. Upon the member firm's request, the Membership and Financial Compliance Committees may exempt individuals and/or entities from this requirement for good cause shown. (07/01/05)~~

230.065 Additional Seat Requirement - A firm registered under Regulation 230.02, Category ~~(2c)(3)~~ may take up to eighteen months from the date of its registration approval, if such approval was granted prior to April 26, 2006, to acquire and complete the registration of its six required memberships and 129,352 shares of Class A common stock of CBOT Holdings. However, no such firm will be approved for member firm status until such time as it has purchased, or has registered on its behalf, at least one Series B-1 (Full) membership and 27,338 shares of Class A common stock of CBOT Holdings and one Series B-2 (Associate) membership and 10,000 shares of Class A common stock of CBOT Holdings.

A firm registered under Regulation 230.02, Category (1a), (1b), (2a) or (2b) may take up to eighteen months from the date that it has designated a commodity pool or hedge fund for member transaction fee treatment, pursuant to Regulation ~~450.02D~~230.03, if such designation was made prior to April 26, 2006, in which to acquire and complete registration of the six memberships and 129,352 shares of Class A common stock of CBOT Holdings required for this purpose. In order to initiate this designation process, the firm must have purchased or must have registered on its behalf, at least one Series B-1 (Full) membership and 27,338 shares of Class A common stock of CBOT Holdings and one Series B-2 (Associate) membership and 10,000 shares of Class A common stock of CBOT Holdings.

Until such time as the membership/stock requirement has been met, the Category ~~(2c)(3)~~ member firm and the qualified commodity pool or hedge fund of a Category (1a), (1b), (2a) and (2b) member firms will continue to be charged exchange transaction fees at the non-member level. Once the membership/stock requirement has been completely satisfied, the

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Exchange will grant an adjustment to the appropriate member fee level via a fee credit. This adjustment period will not exceed eighteen months. If the member firm takes more than eighteen months to meet the membership/stock requirement, the Exchange will grant an adjustment only for the eighteen months immediately prior to meeting the membership/stock requirements. (07/01/05)

230.076 Member Firm Status Upon Death or Withdrawal of Registered Member - ~~A member firm shall notify the Exchange in writing within five business days of Upon the death or withdrawal-termination of employment of a member-nominee in whose name a firm-owned membership is registered, on behalf of a member firm or a nominee whose shares of Class A common stock of CBOT Holdings are registered on behalf of a member firm, If where such death or withdrawal-termination would result in failure of the member firm to meet the requirements of Rule 230.00 or Rule 703.00, or Regulation 230.02 or Regulation 230.05, the member firm shall transfer such firm-owned membership into the name of another nominee, pursuant to Regulation 249.01(b), within thirty (30) days of such death or termination. The Exchange may, upon application of the member firm, grant the member firm an extension of privileges under the applicable Rules and Regulations for such period and under such conditions as the Exchange may prescribe.~~

~~Upon the sale of shares of Class A common stock of CBOT Holdings that are registered on behalf of a member firm, where such sale would result in failure of the member firm to meet the requirements of Rule 230.00 or 703.00, or Regulation 230.02, the member firm shall immediately notify the Exchange of such sale, and member firm privileges shall terminate immediately upon such sale. Upon the death or withdrawal of a member whose membership is registered on behalf of a member firm or a nominee whose Class A common stock is registered on behalf of a member firm, the member firm shall, within five business days of such death or withdrawal notify the Exchange of the departure of its nominee. Failure to comply with the provisions of this Regulation mayshall be referred to the Business Conduct Committee, for possible disciplinary action. 1063 (07/01/05)~~

~~**230.07 Primary Clearing Member Permission for Member Registration**—A member may register his or her membership and shares of Class A common stock of CBOT Holdings for a member firm under Rule 230.00, if that 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. (07/01/05)~~

~~**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 Exchange;~~
- ~~(b) Any person who has been expelled from the Exchange as permitted by Rule 560.00;~~
- ~~(c) An insolvent person; or~~
- ~~(d) Any previous member of the 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. (04/01/05)~~

~~**230.11 Discipline of Partners or Members of Limited Liability Companies**—A member of the Exchange who is a general partner of a member firm is liable to the same discipline and penalties for any act or omission of said firm as for his or her own personal act~~

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~~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 Exchange who is also a managing member or a member of the board of managers (or a person with similar authority) of a limited liability company which is a member firm 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. 1076 (07/01/05)~~

230.14 Delegation of Approval Authority - The Chairman of the Membership Committee, or a member of the Membership Committee who has been designated by the Membership Committee Chairman or the Member Services Department upon delegation by the Chairman, will have the authority to approve the application of a Series B-1 (Full) or Series B-2 (Associate) member to register his or her membership for a member firm under Rule 230.00, provided that the member firm is currently registered in accordance with Rule 230.00. ~~The power to deny such applications is expressly reserved to the Regulatory Compliance Committee. For the purpose of this regulation, the Chairman may not delegate approval authority to the Member Services Department when the applicant has answered affirmatively to any question in the "Disciplinary Action" section of the Member Firm Registration application. (05/01/05)~~

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242.00 Neglect-Failure to Pay Dues or Assessments - Any member who neglects-fails to pay his dues or assessments, or installments thereof, within thirty days after such assessment, or installments thereof, has been called for payment their due date, may be suspended pursuant to Rule 278.00. until such assessment, or installments thereof, is paid. If a member neglects to pay such assessment, or installments thereof, during a period of six consecutive months, his membership (a) may be disposed of by the Board; (b) or may be forfeited and cancelled by the Board.

243.01 Membership Application Fee - Each individual submitting an application for membership shall include with the application a non-refundable application fee established by the Exchange. The application fee shall not apply when the applicant is the spouse or the child of a deceased member. The application fee will also not apply when a deceased member's membership is held in trust pursuant to Regulation 249.01(g), the applicant is the spouse or the child of the decedent, and under the terms of the trust, the applicant is the successor trustee to the deceased member. 1807 (05/01/05)

244.00 Exchange Service Fees -

(a) **members and member firms.** Each Series B-1 (Full), Series B-2 (Associate), Series B-3 (GIM), Series B-4 (IDEM), or Series B-5 (COM) member (hereinafter referred to as "members"), and member firm shall be obligated to pay, at such times and in such manner as the Exchange may prescribe, fees for transactions executed by open auction and on e-cbot, as described below and in accordance with the fee schedule set forth in Appendix 2A, which is incorporated into this Rule by reference. In that Appendix, the applicable rate specifications shall be per contract/per side, and the applicable volume specifications shall be per calendar month.

(1) **Open auction fee caps** - with respect to open auction trades for a Series B-1 (Full), Series B-2 (Associate), Series B-3 (GIM), Series B-4 (IDEM) or Series B-5 (COM) member's own account, the maximum of fees paid by any such member shall be \$20,000 per year per person who initiates and executes the trades. With respect to open auction trades for the proprietary account of a Regulation 230.02, Category (1a), (1b), (2a), (2b), (3a) or (3b) member firm or a member firm affiliate, as defined in Regulation 230.03, which are initiated and executed by the same member, the maximum of fees paid by any such member firm or member firm affiliate shall be \$20,000 per year per person who initiates and executes the trades.

(2) **Open auction floor broker fee** - Open auction trades executed by a member as a floor broker for others shall incur a floor brokerage charge of 2 cents per contract/per side. Provided, however, that this charge shall not apply to trades which are both initiated and executed by the same member for the account of a member, or the proprietary account of a member firm. The maximum of fees paid by any Series B-1 (Full), Series B-2 (Associate), Series B-3 (GIM), Series B-4 (IDEM) or Series B-5 (COM) member pursuant to this subsection shall be \$20,000 per year. When a member executes trades as a floor broker for others and also initiates and executes open auction trades for his or her own account, the maximum of fees paid by such member for all such open auction trades collectively shall be \$20,000 per year.

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(3) Firm-owned memberships – Notwithstanding subparagraphs (a)(1) and (a)(2) above, the fees applicable with respect to memberships which are owned by member firms shall be equivalent, in the following categories, to those which the Exchange prescribes for delegates:

(i) Trades for such member's own account, in cases where the individual is not a principal of the member firm which owns his/her membership. For purposes of this paragraph, an individual shall be deemed a principal of a member firm if he/she holds a majority ownership interest in that firm and/or meets other such criteria as the Exchange may prescribe by regulation; and

(ii) Trades executed by such member on behalf of any account other than the proprietary account or a customer account of the member firm owner of the membership, or its member firm affiliate, as defined in Regulation 230.03.

(b) non-members. Each member firm handling the funds of non-member customers shall include, in the statements to such customers, fees for the open auction and e-cbot transactions executed for the accounts of such customers in accordance with the fee schedule set forth in Appendix 2A. In that Appendix, the applicable rate specifications shall be per contract/per side, and the applicable volume specifications shall be per calendar month.

All such fees collected from non-member customers shall be remitted by the member or member firm at such times and in such manner as the Exchange may prescribe.

No member firm shall identify on its statements to nonmember customers any charge as an "Exchange Service Fee" unless the amount shown is actually due and payable to the Exchange under this Rule.

(c) surcharges. Exchange transaction fee surcharges, exchange fees for non-trade transactions, and clearing fees are set forth in Appendix 2A, which is incorporated into this Rule by reference.

(d) revenue. The Exchange shall have the authority in its discretion to suspend any of the fees specified in this Rule at any time during a fiscal year

(e) reports. Each member or member firm subject to the provisions of this Rule shall submit to the Exchange such reports as the Exchange may deem necessary for the administration of this Rule.

(f) special assessments.. This Rule shall not be construed to supersede Rule 240.00 in any way nor to abrogate the responsibility and right of the Exchange to levy such additional assessments, charges or fees upon the membership as it may deem necessary or advisable.

244.01 Member's Own Account - For the purpose of implementing Rule 244.00, the term "member's own account" shall refer only to those commodity futures and/or commodity options trading accounts that are wholly owned by and held in the name of one or more members. For any account held by more than one member, all trades made for such account shall pay transaction fees equal to the highest fee required of any of the individual participants

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in the account, in accordance with Regulation 244.06. An account owned by and held in the name of a non-member spouse or other relative of a member shall not be considered a member's account.

244.02 Member's Own Account in Trust - For the purpose of Rule 244.00, a commodity futures and/or commodity options trading account placed in trust shall be deemed a "member's own account" if the following conditions are satisfied:

- (1) the member is the sole settlor of the trust; and
- (2) the member is one of the trustees of the trust and as such trustee, has sole control over the investment-making decisions of the trust; and
- (3) the beneficiaries of the trust include only the member, the member's spouse and/or the member's descendants; and
- (4) the trust declaration expressly incorporates the Rules and Regulations of the Exchange, as may be amended; and
- (5) the interest in the trust that inures to the beneficiaries of the trust shall be subject to all Rules and Regulations of the Exchange, as may be amended; and
- (6) the non-member trustee, if any, expressly agrees in the trust declaration, to be subject to all Rules and Regulations of the Exchange, as amended; and
- (7) the member provides to the Exchange's Member Services Department, a copy of the trust declaration creating the trust, as well as any amendments thereto, along with a letter from an attorney stating that in the attorney's opinion, the trust created is designed to achieve the estate planning objectives of the member.

Upon the member's death, or if the member is adjudged incompetent, any commodity futures and/or commodity options trading account placed in trust pursuant to this Regulation by such member will be treated as a non-member trading account for purposes of implementing Rule 244.00.

244.03 Member Firm's Proprietary Account - For the purpose of implementing Rule 244.00, the term "proprietary account of a member firm" shall refer only to those commodity futures and/or commodity options trading accounts that are wholly owned by and held in the name of the member firm. For an account to qualify as a member firm proprietary account, any individual who initiates and/or enters trades on behalf of the proprietary account (unless he owns a membership and is entering trades within the scope of his membership privileges) must meet the following requirements:

- (1) may not provide trading capital for the account; and
- (2) may not have responsibility to provide capital based on trading losses; and
- (3) for individuals that are not issued a W-2 (or comparable documentation in jurisdictions other than the United States) the firm must have a written agreement detailing the full terms of their compensation agreements; and
- (4) may not contribute subordinated debt, unless the individual is a partner, member of a limited liability company, or shareholder of the member firm; and
- (5) gross trading profits and losses must be reported in the firm's income statement.

Any account that does not meet the above criteria will be considered a joint account with the individual entering the trades and, therefore, must comply with Regulation 244.06.

244.04 Individual Member's Trading Account - For purposes of implementing Rule 244.00, for an account to qualify as an individual member's account or a joint account of individual members, where the trades are executed on e-cbot, any individual who initiates and/or enters trades on behalf of the account (unless he owns a membership and is entering trades within the scope of his membership privileges) must meet the following requirements:

- (1) may not provide trading capital for the account; and
- (2) may not have responsibility to provide capital based on trading losses; and
- (3) the individual member must have a written agreement detailing the full terms of the trader's compensation; and
- (4) the trader may not make a loan to the individual member for the purposes of providing trading capital.

A member that is trading on the floor may designate up to a maximum of two clerks who may execute trades initiated by the member through e-cbot. Such trades will be eligible for fees at the individual member rate.

Any account that does not meet the above criteria will be considered a joint account with the individual entering the trades, and, therefore, must comply with Regulation 244.06.

244.05 Firm Owner Trading a Proprietary Account - In cases where a non-member owner, non-member member of a limited liability company, or non-member partner of a member firm trades a member firm proprietary account, and where the non-member trader's compensation is tied to the profitability of the specific proprietary account(s), in order for the trades in such proprietary account to receive member fee treatment, the non-member trader must maintain at least \$200,000 in the trading account(s) and the \$200,000 must be available to support the trading activity on the Exchange. If the non-member trader does not maintain the requisite \$200,000, the account will be considered a joint account between the member firm and the non-member trader and, therefore, the transaction fees will be determined in accordance with Regulation 244.06.

244.06 Joint Accounts – Any account where profits and/or losses are shared by more than one party (member or non-member), shall pay Exchange transaction fees based on the highest rate applicable to any of the account's participants. In addition, a trading account that is funded by a loan shall be deemed a joint account between the borrower and the lender unless it can be demonstrated that the terms of the loan represent a reasonable interest rate, not affected by the profits and/or losses generated in the account. Further, if the terms of the loan suggest that the loan need not be paid back in the event of losses, the trading account shall be deemed a joint account.

244.07 Transaction Fee Status of CBOE Exercisers - Pursuant to Rules 244.00 and 221.00, as applicable, and in accordance with the August 7, 2001 Agreement between the Exchange and the Chicago Board Options Exchange ("CBOE"), as modified by the letter agreements, dated October 7, 2004, February 11, 2005 and February 14, 2005, between the Exchange, CBOE and CBOT Holdings, Series B-1 (Full) members and Series B-1 (Full) member delegates who utilize their rights in Series B-1 (Full) membership as a basis to exercise and become a member of the CBOE without purchasing a membership on such exchange (hereinafter referred to as "Exerciser Members") will be subject to the following:

a) Open Auction Trades – Exerciser Members will be obligated to pay non-member (customer) rates for trades executed on the CBOT Exchange Floor by or on behalf of such Exerciser Member at any time when such Exerciser Member is logged on to the CBOE's

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electronic trading platform;

b) e-cbot Trades –

i) If a Series B-1 (Full) member who is an Exerciser Member is physically present on the CBOE trading floor or is logged onto the CBOE's electronic trading platform at the time an order is entered or altered in e-cbot by or on behalf of such Exerciser Member, then such Exerciser Member will be obligated to pay non-member (customer) rates for trades resulting from the execution of such orders.

ii) A series B-1 (Full) member delegate who is an Exerciser Member will be obligated to pay non-member (customer) rates for all trades executed on e-cbot by or on behalf of such Exerciser Member.

The foregoing obligations will not apply if such Exerciser Member possesses another membership that has not either been delegated or, in the case of another CBOT Series B-1 (Full) membership, used as a basis to exercise and become a member of the CBOE, and that entitles such member to trade in a particular product.

244.08 Category (2c) Fees - Member firms qualified under Regulation 230.02 Category (2c) will be granted the same fee treatment as the proprietary accounts of Category (1a), (1b), (2a) and (2b) member firms where the trade is either initiated or executed by a non-member.

245.00 Exchange Service Fees – Adjustments – Exchange Transaction Fee adjustments resulting from the overpayment of transaction fees must be made through the Exchange Fee Billing System's ("EFB") on-line correction facility. The Exchange will only grant adjustments to member firms for the overpayment of exchange transaction fees for the prior two months from the month the adjustment is made to the EFB on-line correction facility.

The Exchange will only require member firms to make adjustments for the underpayment of exchange transaction fees for a period up to one year back from the end of the audit period selected by the Exchange. Exchange findings of underpayments may not be offset with an adjustment for any overpayments, except as provided above. Interest and/or costs may be assessed in accordance with policies established by the Exchange.

246.00 Fees – Members and member firms will be granted lower fees than non-members.

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249.01 Purchase and Sale or Transfer of Membership - Memberships may not be purchased, sold or transferred except as authorized by the Exchange.

(a) Purchase and Sale of Memberships by Individuals –

- (i) An individual may purchase or sell a membership pursuant to the procedures and conditions established by the Exchange, including any required deposits or clearing member guarantee agreements.

A clearing member guarantee agreement shall be executed on a form prescribed by the Exchange. In the event that the prospective purchaser of a membership fails to make payment in the amount of his bid by 4:30 p.m. of the next business day following the day on which he was notified that his bid was matched to an offer, ~~the~~ any clearing member who has executed a clearing member guarantee agreement shall purchase the membership and shall make payment in the full amount of the bid by 4:30 p.m. of the business day following the day upon which payment was due from the prospective purchaser.

Failure to fulfill the obligations set forth in a clearing member guarantee agreement shall constitute an acts detrimental to the interest and welfare of the Exchange.

- (ii) Within ten (10) business days of notice to the purchaser that his or her bid has been matched to an offer, the purchaser, if not already a member, shall file with the Department of Member Services an application for the appropriate membership status, in such form as may be prescribed by the Exchange. Such form shall include an agreement by the applicant to take no recourse against the Exchange in the event he or she is not approved for a particular membership status, except as may be permitted under Section 8c of the Commodity Exchange Act, as amended, and a release of the Exchange of any claim or right that such individual would otherwise have had by reason of such failure to be so ~~elected~~ approved. No person may exercise the rights of a particular membership status until he or she is approved for such membership status.

If a purchaser of a membership fails to file an application for membership, is not approved for membership status, or if for any reason his application is withdrawn, the Exchange shall retain any membership processing fee charged pursuant to Rule 243.00, and the purchaser shall assume all risk of gain or loss from the resale of the membership. The purchaser shall take all necessary steps to sell the membership within thirty (30) days of notification of his failure to be approved for membership status, withdrawal of his application, or the purchase of the membership if he failed to file an application.

If the purchaser fails to effect a sale within the time period specified in this section (ii), the Exchange shall be entitled to sell the membership and any associated restricted shares of Class A common stock of CBOT Holdings at the price of the highest bid to purchase at any time during the next business day following the thirtieth (30) day after notification of his failure to be approved for membership status, withdrawal of his application, or the purchase of the membership if he failed to file an application. If, at the open of business on the next business day following the thirtieth day after such notification, withdrawal, or purchase, there is no bid to purchase, the membership and any associated restricted shares of Class A common stock of CBOT Holdings shall be offered for

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sale by the Exchange at the same price as the lowest offer to sell. The total amount realized from the sale of the membership and any associated restricted shares of Class A common stock of CBOT Holdings shall be remitted to the unsuccessful applicant in full satisfaction of all obligations of the Exchange, subject to Exchange Rule 252.00.

(iii) An individual whose membership status was terminated through a sale of his membership, transfer of a firm-owned membership which was in the individual's name pursuant to paragraph (b) below, or termination of a temporary family designation transfer pursuant to paragraph (c) below, and who is not subject to a suspension or expulsion, shall remain eligible, for a period of six (6) months following such sale, transfer, or termination to acquire another membership. The Exchange may, in its discretion, grant extensions to this six (6) month approval period.

(b) Nomination and Substitution-Transfer by Member Firm

(i) A member firm may own a Series B-1 (Full), ~~or Series B-2 (Associate), Series B-3 (GIM), Series B-4 (IDEM), or Series B-5 (COM)~~ membership which is in the name of a nominee, provided that (i) the nominee is a principal or employee of such member firm; and (ii) ~~the any qualifying membership is registered on behalf of such member firm, pursuant to Rule 230.00,; and (iii) the appropriate number of shares of Class A common stock of CBOT Holdings is registered on behalf of such member firm, in each case, pursuant to Rule 230.00, except as otherwise provided in Rule 230.00 or Regulation 221.09. Additionally, a member firm may own Series B 3 (GIM), Series B 4 (IDEM), and Series B 5 (COM) memberships which are in the names of nominees who are principals or full-time employees of such firm, or which memberships may be delegated pursuant to Regulation 221.00. However, no Series B 3 (GIM), Series B 4 (IDEM), or Series B 5 (COM) membership may be registered on behalf of a member firm.~~

(ii) A member firm shall be entitled to transfer a firm-owned membership, and to receive the net proceeds from such transfer, after satisfaction of all claims against the nominee and against the member firm, in accordance with Rule 252.00.

(iii) A member firm may terminate a nominee's right to exercise the rights and privileges of a firm-owned membership at any time. In that event, the nominee's right to exercise the rights and privileges of that membership terminates immediately and automatically. If a nominee wrongfully exercises any right or privilege of membership after termination, the member firm shall remain responsible for that nominee's liabilities and actions arising from such exercise until the member firm provides written notice of the termination to the Exchange and such notice has been made available to the membership.

(iv) ~~A member firm that owns a membership may transfer such membership from substitute one nominee for to another nominee who is a principal or employee of the member firm, or of another member firm as permitted by paragraph (iv)(b) below or Rule 230.00, pursuant to the procedures and conditions established by the Exchange, including any required deposits or clearing firm guarantees.~~

(iv) (a) In the event that a member firm that owns a membership is acquired by another member firm through the purchase of 100% of the acquired firm's assets ~~partnership or limited liability company property or corporate stock, the~~

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acquiring member firm may transfer the membership to substitute one of its own principals or employees as the nominee with the right to exercise the rights and privileges of the membership, pursuant to the procedures and conditions established by the Exchange, including any required deposits or clearing firm guarantees.

(b) A member firm that owns a membership may ~~substitute, as the nominee,~~ transfer the membership to a principal or employee of another member firm which is its wholly-owned subsidiary, a parent entity which owns 100% of the member firm, or a sister entity that is 100% owned by its parent entity, pursuant to the procedures and conditions established by the Exchange, including any required deposits or clearing firm guarantees.

(c) Each ~~substitution~~ transfer described in paragraphs (iv)(a) and (iv)(b) above, with respect to a Series B-3 (GIM) membership, shall count toward the two consecutive assignments specified in Rule 296.00(1).

~~(v) A member firm shall be entitled to transfer a firm-owned membership, and to receive the net proceeds from such transfer, or to substitute one nominee for another nominee, after satisfaction of all claims against the nominee, and against the member firm, in accordance with Rule 252.00.~~

(vi) The Exchange may discipline the member firm that owns the membership, or for which the membership is registered, and the individual nominee, and may direct a sale of the membership, for the acts or delinquencies of the member firm that owns the membership or for which the membership is registered, and for the acts or delinquencies of the individual nominee, in accordance with the Rules and Regulations of the Exchange.

~~(e) Transfer by Member under Loan Agreement~~

~~A member firm may advance the cost of membership to an employee pursuant to a loan agreement, subject to any conditions that the Exchange may prescribe. Such an employee may transfer his membership to another employee of the same member firm, pursuant to any procedures and conditions established by the Exchange, including any required deposits.~~

(cd) Transfer within Family -

It shall be permissible to transfer a membership between members of the same family (a spouse, parent, sibling, child, grandparent, grandchild, aunt, uncle or in-laws), or a decedent's membership within the same family, on a temporary or permanent basis, pursuant to procedures and conditions established by the Exchange, including any required deposits or clearing firm guarantees, provided such transferee is approved for the appropriate membership status.

A membership subject to a temporary family transfer may not be registered to qualify a member firm pursuant to Rule 230.00. A temporary transfer shall be null and void upon a sale or transfer of the membership by the transferor, and a temporary transfer shall be revoked upon written notice by the transferor to the transferee and the Member Services Department, or upon official notice of the death or formally declared incompetence of the transferor. The provisions of Rule 221.00(c) shall apply to the transferor and the temporary transferee in the same manner that those provisions apply to a member and his delegate. The voting rights of a Series B-1 (Full) or Series B-2

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(Associate) member who makes a temporary family transfer will remain with the transferor, and the transferor will remain eligible for elective office and committee appointments. A temporary family transfer shall not qualify the transferee for elective office in such circumstances where a membership is required. A temporary transfer of a Series B-3 (GIM) membership to a family member under this paragraph shall not count toward the two consecutive assignments specified in Rule 296.00(1).

(de) Sale by Legal Representative -

The membership of a deceased member or a member who has been adjudicated incompetent may be sold by his legal representative pursuant to procedures and conditions established by the Exchange.

(ef) Exchange of Memberships -

Members may exchange certain Sseries of B memberships for certain other Sseries of B memberships, either directly or indirectly, pursuant to procedures and conditions established by the Exchange, including any required deposits or clearing firm guarantees.

(fg) Transfer to a Trust -

- (i) A member or a member's personal representative (including his or her agent under a durable power of attorney) may transfer his or her membership to a trust of which the member is a grantor, pursuant to procedures and conditions established by the Exchange, if: (1) while the member is living and competent, the member is the sole trustee of the trust, (2) the member retains the right to revoke the trust during his or her life, and (3) all beneficiaries of the trust are members of the grantor's family who would be eligible for a family transfer from the grantor pursuant to section (d) of this regulation.
- (ii) A trust shall take the membership subject to all of the rules of the Exchange, including Rules 230.00 and 252.00; however, Rule 252.00 shall not apply to the transfer of a membership to a trust wherein the member/grantor is the trustee. The transfer of a Series B-3 (GIM) membership to a trust wherein the member/grantor is the trustee shall not count toward the two consecutive assignments specified in Rule 296.00(1).
- (iii) The interests in the membership that inure to the beneficiaries of the trust shall be subject to all of the rules of the Exchange; the Exchange's rights with respect to the membership shall be superior to those of the beneficiaries; and the Exchange shall have no liability to the beneficiaries of the trust in the event of the mishandling of the trust assets by the trustee.
- (iv) The trustee (and any successor), if not already a member, shall be required to qualify for membership and satisfy the requirements of Chapter 2 of these Rules and Regulations.
- (v) The grantor's liability to the Exchange under Rule 209.00 shall continue with respect to any claim arising out of an act or omission occurring prior to such transfer, and the membership will continue to be treated as the asset of the grantor for the purposes of Rule 209.00 and for otherwise meeting any obligations to the Exchange arising out of the grantor's use of the membership prior to the transfer to the trust, including fines imposed with respect to conduct occurring prior to the transfer.

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- (vi) A member/grantor, who is the sole trustee of a trust to which he has transferred his membership, may temporarily transfer the trading rights and privileges of his membership to a member of his same family, as defined in paragraph (cd) above.
 - (vii) A membership held in trust may not be registered ~~for to~~ qualify a member firm ~~privileges pursuant to Rule 230.00~~, unless it is a self-owned registered membership and the member complies with procedures and conditions established by the Exchange.
 - (viii) The transfer shall be revoked and the membership shall revert to the transferor upon official notice to the Exchange that the trust has been revoked.
- (gh) Notice of Membership Sale or Transfer and Filing Claims –
- (i) ~~On the first and sixteenth calendar day of each month (or if the first or sixteenth is not a business day on the following business day) (“notice days”);~~ The Exchange shall make available to the membership a notice listing the following claims events; each sale, transfer or exchange of a membership; each termination or expiration of a delegation agreement; each termination of the nomination of an individual to exercise the rights and privileges of a membership that is owned by a member firm; and each termination of registration of a membership on behalf of a member firm, whether individually-owned or firm-owned, that occurred during the period beginning on the preceding notice day and ending on the business day preceding the current notice day.
 - (ii) A member or member firm, to establish his or its claim and to become entitled to his or its rights under Rule 252.00 to share in the proceeds of a membership and any associated shares of Class A common stock of CBOT Holdings as provided therein, must file a statement of claim with the Member Services Department within 20 days after by no later than the business day immediately preceding the notice day that follows the notice day on which the Exchange provides makes notice available to the membership of the relevant claims event to the membership. However, the Board may determine to extend this period, in its discretion, based upon the circumstances of a particular claims event. The Exchange shall hold the proceeds from the sale, transfer or other disposition of a membership and any associated shares of Class A common stock of CBOT Holdings until such time as the relevant claims period has run and/or any disputed claims have been resolved. Members and member firms may not assert claims against such proceeds to the extent that such claims result from conduct that occurred subsequent to the sale, transfer or other disposition of the membership and any associated shares of Class A common stock of CBOT Holdings. (07/01/05)

250.01 Sale and Transfer of Membership and Continuing Jurisdiction - A member (or his legal representative) desiring to sell his membership shall deliver to the Department of Member Services a signed authorization of sale, in the form prescribed by the Exchange. The member must also deliver to the Department of Member Services a signed consent to jurisdiction in the form prescribed by the Exchange before his authorization of sale will be accepted. With respect to the sale of a firm-owned membership, the consent to jurisdiction must be signed by the last nominee and, if the sale would terminate the firm's member firm status, a consent to jurisdiction must also be executed on behalf of the firm.

The Exchange shall continue to have jurisdiction with respect to members and member firms for a period of five years after the termination of such individuals' or firms' membership

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status, whether or not such members or member firms have signed a consent to jurisdiction. Each such individual and firm:

- Remains responsible for any violations of Exchange rules and regulations committed while a member or member firm; and
- Agrees to have any disputes which arose while a member or member firm and which relate to or arose out of any transaction upon the Exchange or membership in the Exchange, resolved in accordance with Exchange rules and regulations.

The Exchange may retain, in its discretion, some or all of the proceeds from the sale of a membership and any associated shares of Class A common stock of CBOT Holdings, as defined in Rule 252.00, until the conclusion of any potential or pending disciplinary matter against the member or member firm, of which the Exchange is aware or becomes aware prior to the distribution of such proceeds. The Exchange may also retain, in its discretion, some or all of such proceeds pending the outcome of any legal proceeding that is pending or is highly probable with respect to which the member or member firm may be required to indemnify the Exchange pursuant to Rule 209.00.

~~251.00 — Membership Transfer — All purchases or sales of memberships 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 Exchange shall be paid. 127 (07/01/05)~~

251.01 Member Under Investigation - No member may transfer his membership by intra-family transfer under Regulation 249.01(c) 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 the Exchange or when disciplinary charges have been filed against him or when he is under suspension for causes other than default, insolvency, or non-payment of assessments or dues. 1835 (07/01/05)

252.00 Proceeds of Membership and Class A Common Stock -

- (a) GRANT OF SECURITY INTEREST. Each member of the Exchange grants to the Exchange for the benefit of the Exchange, the Clearing Services Provider, such member's Primary Clearing Member, all other Clearing Members and all other members of the Exchange, a security interest in the shares of Class A common stock of CBOT Holdings associated with each of such member's memberships in the Exchange, which, for purposes of this Rule 252.00, includes all restricted shares of Class A common stock of CBOT Holdings associated with each of such member's memberships (regardless of holder) and all restricted and unrestricted shares of Class A common stock of CBOT Holdings registered on behalf of, or ~~designated for which qualify~~, CBOT Clearing Members, member firms, member firm affiliates and designated passive investor entities under Rule 230.00 or Regulation 450.02D230.03, and the proceeds thereof for the purpose of securing such members', member firms', member firm affiliates' or designated passive investor entities' obligations, whether direct or indirect, absolute or contingent, under the Certificate of Incorporation, Bylaws and Rules and Regulations of the Exchange, including, without limitation, this Rule 252.00.
- (b) ORDER OF DISTRIBUTION. This Rule applies to each sale, transfer or other disposition of a membership and all shares of Class A common stock of CBOT Holdings associated with such membership, whether made by a member voluntarily or at the direction of the Exchange. In connection with any such sale, transfer or other disposition,

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the proceeds of the membership and the associated shares of Class A common stock of CBOT Holdings shall be applied to the following purposes and in the following order of priority prior to the payment of any proceeds to the member:

- (1) FIRST, the payment of all debts owed to the Clearing Services Provider, if the membership transferred was registered for a Clearing Member in order to qualify the Clearing Member for clearing status pursuant to Rule 703.00, by the member whose membership is transferred. With respect to any other membership, the Exchange shall have the first priority for the debts described in paragraph (2) below, and the Clearing Services Provider shall have the second priority.
 - (2) SECOND, the payment of all debts owed to the Exchange by such member, including, but not limited to, dues, assessments, service fees and fines.
 - (3) THIRD, the payment to such member's Primary Clearing Member or Members, as specified in ~~Rule 333.00~~ Regulation 207.01, of all claims filed under Regulation 249.01(g) for trading losses of such member arising out of transactions on the Exchange, and which claims have been allowed by the Exchange. Any such indebtedness shall be paid first to the Primary Clearing Member who most recently qualified the member prior to the transfer, and any such indebtedness owed to former Primary Clearing Members shall be paid in reverse chronological order of the revocation of authorization pursuant to Regulation 207.01(c) (most recent debt first). However, any such indebtedness which was incurred prior to April 26, 2006 shall be paid in chronological order of the revocation of authorization (oldest debt first).
 - (4) FOURTH, the payment to other Clearing Members of all claims filed under Regulation 249.01(g) for trading losses of such member arising out of transactions on the Exchange, and which claims have been allowed by the Exchange.
 - (5) FIFTH, the payment to members and member firms of all claims filed under Regulation 249.01(g) for money owed on loans which had been made to the member whose membership was transferred, exclusively for the purpose of financing the purchase of such membership, and which claims have been allowed by the Exchange.
 - (6) SIXTH, the payment to members and member firms of all claims filed under Regulation 249.01(g) otherwise arising from transactions or business on the Exchange, or in connection with membership in the Exchange, Member's Contracts, ~~exclusive of personal debts which are not related to the conduct of business as a broker, trader or futures commission merchant,~~ and which claims have been allowed by the Exchange.
- (c) PRO RATA PAYMENT. If the proceeds of a sale, transfer or other disposition of membership and the associated shares of Class A common stock of CBOT Holdings are insufficient to pay all filed claims allowed by the Exchange, such claims, within the priorities listed in (b) above, shall be paid pro rata, except as provided in (f) below.
- (d) SURPLUS, IF ANY. Claims which are not filed during the period specified in Regulation 249.01(g) but which would otherwise qualify under (a) above may, if allowed by the Exchange, be paid out of any surplus after all other claims allowed by the Exchange have been paid in full and shall be paid in preference to claims referred to in (f) below. The remaining surplus, if any, of the proceeds of a sale, transfer or other disposition of membership and the associated shares of Class A common stock of CBOT Holdings, after

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payment of all claims allowed by the Exchange under this Rule, shall be paid to the person whose membership is transferred, or to his legal representatives, upon the execution by him or them of any releases required by the Exchange.

(e) VALUATION.

- (1) Claims which have not matured at the time of the transfer of the membership may be treated as though they had matured, and the amount due may be fixed and determined by the Exchange on the basis of market values or such other basis as the Exchange deems to be fair and just.
- (2) If a claim is contingent or the amount that will ultimately be due cannot be immediately ascertained and determined, the Exchange may reserve and retain such amount from the proceeds as it deems appropriate, pending determination of the amount due on the claim.
- (3) A claim shall be allowed by the Exchange only for the amount due after deducting the amount of the proceeds of the sale of any collateral held by the claimant or the fair value of such collateral as determined by the Exchange. The Exchange may require, before determining whether to allow the claim, that all such collateral be sold.

(f) CLAIMS OF PARTNERS. Claims growing out of transactions between partners, who are members of the Exchange, shall not share in the proceeds of the membership and associated Class A shares of CBOT Holdings of one of such partners until all other claims as allowed by the Exchange have been paid in full.

However, where a partnership is the Primary Clearing Member or other Clearing Member for one of its member partners, or where a partnership has made a loan to one of its member partners exclusively for the purpose of financing the purchase of the partner's membership, the partnership may share in the proceeds from the sale, transfer or other disposition of such partner's membership and associated Class A shares of CBOT Holdings, pursuant to the priorities in subparagraphs (b)(3), (b)(4) or (b)(5) above, as applicable.

- (g) RIGHTS OF CREDITORS OF DECEASED, INCOMPETENT, SUSPENDED, OR EXPELLED MEMBER. The death, incompetency, expulsion or suspension of a member shall not affect the rights of creditors under the provisions of this Rule.
- (h) DEATH OR INCOMPETENCY OF CREDITOR MEMBERS. When a member is in debt to another member, the death or incompetency of the creditor member or the transfer of his membership either by his estate or legal representative or at the direction of the Exchange, shall not affect the rights of the creditor member or his estate, to share in the proceeds of the debtor's membership and the associated Class A shares of CBOT Holdings under this Rule. (08/01/05)

~~255.00~~ ~~Deceased or Incompetent Member~~ When a member dies, or when a conservator is appointed for him or his estate, the Exchange may his membership may be disposed of by the Board. ~~If the deceased or incompetent member has neglected failed to pay dues or assessments to the Exchange, Rule 242.00 shall apply to the disposition of his membership may be suspended pursuant to Rule 278.00 by the Board.~~

256.00 **Expelled Member** - When a member is expelled or becomes ineligible for reinstatement, his membership may be disposed of the Exchange may direct the

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sale of his membership and any associated shares of Class A common stock of CBOT Holdings, as defined in Rule 252.00. forthwith by the Board.

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270.00 Insolvency - A member, member firm, or any other person with trading privileges, who ~~fails to perform his contracts~~, is insolvent, or is the subject of a petition for bankruptcy or its equivalent, 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 or its equivalent, shall immediately inform the Secretary in writing that he or such member firm is insolvent, or is the subject of a petition for bankruptcy or its equivalent ~~unable to meet his or its engagements, and prompt notice thereof shall be given to the Exchange~~. Subject to the provisions of Regulation 540.06, the Chairman of the Board may, upon the recommendation of the Business Conduct Committee or the Financial Compliance Committee, he shall thereby become suspended such member or member firm from membership until, after having settled with his or its creditors, or the creditors of such member firm, he such member or member firm 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~~ of the Exchange. For purposes of this provision, a clearing member firm will be deemed to have learned of such a 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 Exchange which contributed to the condition for which the person is suspended under this Rule. (04/01/05)

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, member firm or member firm affiliate, as defined in Regulation 230.03, wholly owned affiliate of such member or member firm or any other person with trading privileges~~ is insolvent; is failing to meet the minimum capital requirements of the 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 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 such member, member firm or member firm affiliate 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, member firm or member firm affiliate, their wholly owned affiliates, or persons with trading privileges~~ failing or refusing to comply promptly with a restriction imposed by the Chairman ~~shall~~ may be fined, suspended, or expelled by the Exchange.

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Nothing in this Regulation shall preclude disciplinary action for the violation of any Rule or Regulation of the Exchange which contributed to the condition for which restrictions are imposed under this Regulation. 1794 (04/01/05)

271.00 Announcement of Suspension - Whenever a member, ~~registered eligible business organization or any other person with trading privileges~~ or member firm has been suspended pursuant to Regulation 540.06, the Secretary of the Exchange shall immediately ~~announce to the~~ provide notice to the membership. ~~the suspension of such member, eligible business organization, or other person.~~ If such suspension is modified or rescinded after hearing, the Secretary shall ~~announce~~ notify the membership of the revised action to the membership. 120 (04/01/98)

~~272.00 Insolvent Member~~ - When announcement is made of a suspension of a member, firm or corporation pursuant to the Rules and Regulations, members have Exchange contracts with the member, firm or corporation may proceed to close the same on the Exchange or in the best available market, except insofar as the By-Laws and Resolutions of the Clearing House are applicable and provide the method of closing. Should a contract not be closed, as above provided, the price of settlement shall be fixed by the Regulatory Compliance Committee.

~~Such suspended member, firm or corporation shall upon request of any customer immediately arrange for the transfer of each open position of such customer to such other person, firm or corporation as such customer may designate.~~ 121 (08/01/94)

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 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 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

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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. (04/01/05)

~~273.00 — Investigation — Every person suspended under the provisions of Rule 270.00 shall immediately afford every facility required by the Office of Investigations and Audits for the investigation of his affairs, and shall, after the announcement of his suspension, file with the Office of Investigations and Audits a written statement covering all information required by the Office of Investigations and Audits, including a complete list of his creditors and amount owing to each. 122 (08/01/94)~~

274.00 Reinstatement - When a person or firm suspended under the provisions of this Chapter ~~Rule 270.00 or Rule 278.00~~ applies for reinstatement, the Secretary shall make notice thereof available to the membership and shall post notice thereof upon the bulletin board at least fifteen days prior to the consideration by the Board of such application. The applicant shall furnish information to the Exchange, in writing, that demonstrates that the condition which was the basis for the suspension no longer exists. to said Board the list of his creditors, a statement of the amounts originally owing and the nature of the settlement in each case. In the event that the Board does not determine to reinstate the applicant based upon such written information, tThe application applicant shall have the right to have the application be heard in accordance with Regulation 540.03(c)-(j).

If the applicant fails to receive the approving vote of two-thirds of the members of the Board

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~~present, the applicant shall be entitled to be balloted for at two subsequent regular meetings of the Board to be designated by himself; provided, however, that the three ballots to which the applicant shall be entitled, shall be within six months from the date of his suspension, or until such time as the membership is sold, or within such further extended time for settlement as may have been granted by the Board.~~

276.00 Suspended Member-Time for Settlement - If a person or firm suspended under the provisions of Rule 270.00 or Rule 278.00 fails to either apply for reinstatement or to be reinstated, pursuant to Rule 274.00 or Regulation 540.06, within (30) thirty days from the date of ~~his such~~ suspension, or within such further time as the Exchange may grant, the Exchange may direct the sale of sell his such person's membership and any associated shares of Class A common stock of CBOT Holdings, as defined in Rule 252.00, or in the case of a firm, any memberships and shares of Class A common stock that are owned by, or registered on behalf of, the firm.

278.00 Suspension for Default - Where a member, member firm, or any other person with trading privileges, fails to (a) pay obligations owed to perform an Exchange contract with, or pay obligations arising out of such contracts to, another member in connection with transactions or business on the Exchange, or membership in the Exchange, or (b) pay obligations owed to the Exchange, the defaulting member or firm, on complaint of the other member or, in the case of a debt owed to the Exchange, of the ~~Treasurer~~ Accounting and Finance Department of the Exchange, ~~shall may,~~ subject to the provisions of Regulation 540.06, be suspended by the Chairman of the Board, upon the recommendation of the Business Conduct Committee, until the contract is performed or the debt satisfied, and he has been reinstated by the Exchange. 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 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 Exchange which contributed to the condition for which the member or firm 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, and the complaining member shall have the responsibility to submit the claim to arbitration pursuant to the procedures set forth in Chapter 6. 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 may~~ be suspended pursuant to Rule 278.00 until he has satisfied and discharged the debts owing to members on Exchange contracts.

~~**285.01 Financial Questionnaire** – Each member, registered eligible business organization or wholly owned affiliate of such member or registered eligible business organization shall furnish to the Business Conduct Committee or the Financial Compliance Committee, at such times as the Committee may designate, an answer to a financial questionnaire in such form as the Committee may prescribe. 1781 (04/01/98)~~

~~**285.02 Audits** – The Business Conduct or Financial Compliance Committee may require~~

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~~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 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 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 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 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 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 (04/01/05)~~

285.05 Financial Requirements -

- A. All member firms that are registered as Futures Commission Merchants must comply with the requirements set forth in the following CFTC Regulations:
1. 1.10 - Financial reports;
 - a. In addition to the requirements set forth in CFTC Regulation 1.10 each member FCM must:
 1. File with the Exchange unaudited monthly financial statements, including an unaudited monthly financial statement as of the firm's fiscal year end; and
 2. Submit with the certified year-end financial statement a reconciliation between the certified financial statement and the unaudited monthly financial statement as of the firm's fiscal year end; and
 3. For all financial statement filings, submit a Statement of Income (Loss) for the period between the date of the most recent financial statement

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or, at the option of the member FCM, the most recent certified financial statement filed with the Exchange; and

4. Each member FCM must promptly submit to the Exchange, unless specifically exempted, copies of any financial statements (for example, Focus Reports) submitted to any other futures or securities exchange, self-regulatory organization, Clearing Services Provider, or federal government agency.

b. Statement Certification and Attestation Requirements:

1. ~~For a member FCM which is a registered partnership, All financial reports submitted to the Exchange must be signed in the manner as determined prescribed by the Exchange (i.e. electronic or manual) by the individual designated as the Chief Financial Officer, or the individual who performs the same functions, (or as having these responsibilities), in accordance with Chicago Board of Trade Regulation 230.03(a), provided that, in the case of a partnership, such individual he is a general partner.~~
2. ~~For a member FCM which is any type of eligible business organization other than a partnership, financial reports must be signed in a manner as determined by the Exchange (i.e. electronic or manual) by the individual designated as the Chief Financial Officer (or as having these responsibilities) in accordance with Chicago Board of Trade Regulation 230.03(a).~~
23. ~~An attestation letter must accompany all audited financial reports which statements that are filed with the Exchange, as well as any financial reports which are not filed electronically. The attestation letter must certify that copies of the financial reports statements shall must be made available to: (a) each member of the Chicago Board of Trade Exchange whose membership is registered for the FCM; (b) each individual designated by the FCM, in accordance with Regulation 230.03(a); and (c) each general partner in the case of if the FCM is a partnership.~~
34. ~~The signature of the Chief Financial Officer, or the person who has these responsibilities performs the same functions, may be waived by the Exchange, at the discretion of the Exchange. In the event of such waiver, an FCM will be required to have the Chief Executive Officer sign the financial statements or, in the case of a partnership, a general partner if the Chief Executive Officer is not a general partner, to have a general partner sign the financial reports. In the case of any other type of eligible business organization, the FCM will be required to have the Chief Executive Officer sign the financial reports. In either event, this individual must either be a member of the Chicago Board of Trade, or must have been designated by the FCM, in accordance with Regulation 230.03(a).~~
45. ~~Financial report statements audited by an independent public accountant must be attested to by the independent public accountant.~~
56. ~~Financial reports statements that which are filed through Exchange-~~

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approved electronic transmission must be accompanied by the CBOT assigned Personal Identification Numbers (PINs) of the authorized signers. The PIN number will constitute and become a substitute for the manual signature of the authorized signer to the electronically filed financial report. The PIN is a representation by the authorized signer that, to the best of his or her knowledge, all information contained in the statement being transmitted under the PIN is true, correct and complete.

67. The unauthorized use of a CBOT assigned Personal Identification Number for electronic attestation by an unauthorized party is forbidden.

2. 1.12 - Maintenance of minimum financial requirements by futures commission merchants; and
3. 1.16 - Qualifications and reports of accountants; and
4. 1.17 - Minimum financial requirements for futures commission merchants and introducing brokers; and
5. 1.18 - Records for and relating to financial reporting and monthly computation by futures commission merchants; and
6. 1.20 through 1.30 - Customers' Money, Securities, and Property; and
7. 1.32 - Segregated account; daily computation and record; and
8. 1.34 - Monthly record, "point balance";
9. 1.36(a) - Record of securities and property received from customers and option customers; and

108. 30.7 - Treatment of foreign futures or foreign options secured amount.

Notwithstanding the foregoing requirements, the CBOT may impose additional accounting, reporting, financial and/or operational requirements as determined necessary by the Exchange.

- B. Each non-FCM Clearing Member firm must file with the Exchange a certified year-end financial statement within 90 days of the firm's year end. In addition, such a firm is also required to file, within 45 days of the statement dates, unaudited quarterly financial statements for each of the three quarters that do not end on the firm's year end.
- C. Sole Proprietor Clearing Members must file with the Exchange unaudited quarterly financial statements within 45 days of the statement dates.
- D. For firms that are regular to deliver agricultural products see Appendix 4E.
- E. For firms that are regular to deliver Rough Rice see Appendix 37D.

In addition, any FCMs, Non-FCMs, or Sole Proprietors who are CBOT Clearing Members must comply with any additional minimum financial requirements or financial statement filing requirements imposed on such members by the Exchange, or by the Clearing Services Provider, pursuant to a Clearing Services Agreement.

Exchange staff may grant exceptions to the financial requirements imposed by this Regulation, unless required by the Commodity Futures Trading Commission, for good cause, if it is determined that such exceptions will not jeopardize the financial integrity of the Exchange, or the Clearing Services Provider, as applicable. (10/01/03)

Ch2 Insolvency

~~**285.08 Financial Arrangements**— Each member who makes an arrangement to finance his transactions must identify to the Exchange the source of the financing and its terms. The Exchange must be informed immediately of the intention of any party to terminate or change any such arrangement. (12/01/94)~~

~~**286.00 Trades of Non-Clearing Members**— On the first business day of each month each clearing member who is creditor of any member as a result of debts related to the conduct of business as a broker, trader or commission merchant shall report to the Business Conduct Committee the name of each member whose unsecured indebtedness to him is in the amount of five thousand dollars (\$5,000) or more. The Business Conduct Committee is authorized to furnish to any clearing member, on written request, the names of all members or member firms, to whom a specified member is indebted as reported hereunder, and the names of members and member firms as reported pursuant to Rule 252.00(h).~~

~~The phrase "unsecured indebtedness" as used in the rules means the amount of indebtedness in excess of collateral security valued in accordance with the provisions of paragraph 3 and 4 of Regulation 431.02.~~

~~Failure of a member or member firm to report such indebtedness may be considered to be an act detrimental to the interest or welfare of the Association under the provisions of Rule 504.00 and may be relied on by the Board of Directors in deciding not to allow a claim for such indebtedness under Rules 252.00 and 253.00. (08/01/94)~~

~~**287.00 Advertising**— No member shall publish any advertisement of other than strictly legitimate business character. 604 (08/01/94)~~

Chapter 3

333.00 Trades of Non-Clearing Members - See Regulation 207.01

- ~~(a) **PRIMARY CLEARING MEMBER.** Each non-clearing member who executes trades on Change must have one and only one Primary Clearing Member who will accept and clear the member's personal trades. A written authorization must be on file with the Member Services Department authorizing such non-clearing member, without qualification, to submit trades through such Primary Clearing Member, and designating such clearing member as the non-clearing member's Primary Clearing Member. Such Primary Clearing Member acts as Commission merchant for the non-clearing member. Such Primary Clearing Member, acting as commission merchant, shall be liable upon all trades made by the non-clearing member for the account of the Primary Clearing Member (unless authorization is revoked as provided in (c) below) and shall be a party to all disputes arising from trades between the authorized non-clearing member and another member or member firm made for the account of the Primary Clearing Member.~~
- ~~(b) **OTHER CLEARING MEMBERS.** A non-clearing member may have one or more clearing members, in addition to his Primary Clearing Member, through whom he may also clear his trades, provided he has written permission to do so from his Primary Clearing Member. However, as provided in Rule 252.00, such clearing member's claims shall be subordinated to the claims of the Primary Clearing Member(s). Such written permission of the Primary Clearing Member must be filed with the Member Services Department. Written authorization from the other clearing member, authorizing the non-clearing member to make trades on Change for the account of the clearing member, must also be filed with the Member Services Department. Thereafter, such clearing member acting as commission merchant, shall be liable upon all trades made by the non-clearing member for the account of the clearing member (unless authorization is revoked as provided for in (c) below) and shall be a party to all disputes arising from trades between the authorized non-clearing member and another member or member firm made for the account of the clearing member.~~
- ~~(c) **REVOCATION OF AUTHORIZATION.** A revocation of authorization, either by a Primary Clearing Member or another clearing member, must, to be effective, be in writing and be posted by the Secretary upon the bulletin board of the Exchange. A non-clearing member whose Primary Clearing Member has revoked authorization shall be denied access to the Floor until another clearing member has designated itself as the non-clearing member's Primary Clearing Member, pursuant to (a) above. Revocation of a non-clearing member's authorization to execute transactions through the e-bot system shall be in accordance with 9B.08.~~
- ~~(d) The non-clearing member will not be permitted to submit a new primary clearing member authorization or clear trades through a new primary clearing member until such time as the former primary clearing member files a release with the Member Services Department. A primary clearing member who has revoked primary clearing member status to a non-clearing member must give the non-clearing member a release upon the non-clearing member's request when the non-clearing member has~~

~~obtained a new primary clearing member unless (1) the non-clearing member has current debts related to the conduct of business as a broker, trader or commission merchant at the primary clearing member equal to or greater than the amount specified in Rule 286.00; or (2) the clearing member is the guarantor under an existing valid guarantee of a loan which had been made to the non-clearing member exclusively for the purpose of financing the purchase of the non-clearing member's membership, such guarantee in an amount equal to or greater than the amount specified in Rule 286.00.~~

- ~~(e) **PRIORITY OF DEBTS FOR PURPOSES OF RULE 252.00.** Upon transfer of the non-clearing member's membership, any indebtedness owed to a former Primary Clearing Member at the time of revocation which was incurred subsequent to authorization and which continues to be owed such former Primary Clearing Member(s) shall be paid in the chronological order of revocation (oldest debt first), in the manner and to the extent allowed under Rule 252.00. 204} (11/01/03)~~

333.01 Error Accounts - See Regulation 207.03

- ~~(a) Each non-clearing member who acts as a floor broker or is registered with the Commodity Futures Trading Commission or a registered futures association as a floor broker (i) shall maintain a personal account with his Primary Clearing Member into which he places brokerage errors; (ii) may maintain personal error accounts at one or more secondary clearing members, in addition to his Primary Clearing Member, provided he has written permission to do so from his Primary Clearing Member on file with Member Services Department.~~
- ~~(b) Each clearing member who carries an error account agrees to accept and clear the broker's trades involving brokerage errors. A written authorization must be filed with the Member Services Department authorizing the broker, without qualification, to submit trades involving brokerage errors through such clearing member. Such clearing member shall be liable upon all trades involving brokerage errors that are submitted to the error account (unless authorization is revoked as provided herein) and shall be a party to all disputes involving trades between the broker, in his capacity as a broker, and another member or member firm that may ultimately be submitted to the error account. Revocation of authorization granted pursuant to this Regulation must be filed in writing with the Member Services Department and will become effective when written notice thereof is posted on the Exchange bulletin board by the Secretary. (08/01/94)~~

333.03 Funds in Trading Accounts Carried by Clearing Members - See Regulation 207.04 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 Exchange 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 Exchange 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. Exchange proceedings in this regard will be conducted in accordance with Regulation 540.60 "Procedures for Member Responsibility Actions". (04/01/05)~~

Chapter 4

450.00 Exchange Service Fees - See Rule 244.00

- (a) ~~members and member firms.~~ Each Series B-1 (Full), Series B-2 (Associate), Series B-3 (GIM), Series B-4 (IDEM), or Series B-5 (COM) member (hereinafter referred to as "members"), and member firm shall be obligated to pay, at such times and in such manner as the Exchange or e-cbot, as applicable, may prescribe, fees for transactions executed by open auction and on e-cbot, in accordance with the fee schedule set forth in Appendix 4A. In that Appendix, the applicable rate specifications shall be per contract/per side, and the applicable volume specifications shall be per calendar month.
- (1) ~~Open auction fee caps~~ with respect to open auction trades for a Series B-1 (Full), Series B-2 (Associate), Series B-3 (GIM), Series B-4 (IDEM) or Series B-5 (COM) member's own account, the maximum of fees paid by any such member shall be \$20,000 per year per person who initiates and executes the trades. With respect to open auction trades for the proprietary account of a Regulation 230.02, Category (1a), (1b), (2a), (2b) or (2c) member firm or a member firm affiliate as defined in Regulation 450.02D, which are initiated and executed by the same member, the maximum of fees paid by any such member firm or member firm affiliate shall be \$20,000 per year per person who initiates and executes the trades.
- ~~(2) Open auction floor broker fee~~ Open auction trades executed by a member as a floor broker for others shall incur a floor brokerage charge of 5 cents per contract/per side. Provided, however, that this charge shall not apply to trades which are both initiated and executed by the same member for the account of a member, or the proprietary account of a member firm. The maximum of fees paid by any Series B-1 (Full), Series B-2 (Associate), Series B-3 (GIM), Series B-4 (IDEM) or Series B-5 (COM) member pursuant to this subsection shall be \$20,000 per year. When a member executes trades as a floor broker for others and also initiates and executes open auction trades for his or her own account, the maximum of fees paid by such member for all such open auction trades collectively shall be \$20,000 per year.
- ~~(3) Firm owned memberships~~ Notwithstanding the foregoing provisions of this section (a), the fees applicable with respect to memberships which are owned by member firms shall be equivalent, in the following categories, to those which the Exchange prescribes for delegates:
- ~~(i) Trades for such member's own account, in cases where the individual is not a principal of the member firm which owns his/her membership. For purposes of this paragraph, an individual shall be deemed a principal of a member firm if he/she holds a majority ownership interest in that firm and/or meets other such criteria as the Exchange may prescribe by regulation; and~~

- ~~(ii) Trades executed by such member on behalf of any account other than the proprietary account or a customer account of the member firm owner of the membership.~~
- ~~(b) **non-members.** Each member or member firm handling the funds of non-member customers shall include, in the statements to such customers, fees for the open auction and e-cbot transactions executed for the accounts of such customers in accordance with the fee schedule set forth in Appendix 4A. In that Appendix, the applicable rate specifications shall be per contract/per side, and the applicable volume specifications shall be per calendar month.~~
- ~~All such fees collected from non-member customers shall be remitted by the member or member firm at such times and in such manner as the Exchange may prescribe.~~
- ~~(c) **surcharges.** In addition to the fees referenced in sections (a) and (b) of this Rule, surcharges in the following categories will apply as specified in Appendix 4A:~~
- ~~— Licensed contract fees;~~
 - ~~— Exchange for Physicals (“EFP”) and Exchange for Swap (“EFS”) surcharges;~~
 - ~~— Non-trade allocation fees (for exercises, deliveries, assignments and expirations);~~
 - ~~— Block Trading surcharges.~~
- ~~(d) **appendix incorporated within rule.** Appendix 4A is incorporated by reference as part of this Rule 450.00 to the extent that the fee provisions in Sections (a) through (c) hereof are specified further in Appendix 4A.~~
- ~~(e) **mini-sized contracts.** e-cbot fees for mini-sized contracts shall be at such rates as the Exchange may prescribe.~~
- ~~(f) **electronic order routing and floor performance efficiency fees.** In addition to the other applicable fees specified in this Rule, a fee of 5 cents per contract may apply to transactions resulting from orders which are routed to the Exchange Floor and which are subject to floor performance efficiency standards specified by the Exchange.~~
- ~~(g) **revenue.** The Exchange shall have the authority in its discretion to suspend any of the fees specified in this Rule at any time during a fiscal year upon making a determination that year-to-date Exchange revenues have attained a sufficient level to render the further collection of such fees unwarranted.~~
- ~~(h) **reports.** Each member or member firm subject to the provisions of this Rule shall submit to the Exchange such reports as the Exchange may deem necessary for the administration of this Rule.~~
- ~~(i) **enforcement.** No member or member firm shall be obligated to the Exchange for the payment of Exchange Service Fees attributable to non-member transactions except to the extent that such fees are collected from non-member customers;~~

~~provided, however, that each member or member firm responsible for the collection of Exchange Services Fees shall make a bona fide and diligent effort to collect such amounts and shall not have the right, without prior approval of the Exchange, to release or forgive any indebtedness of a non-member to the Exchange for Exchange Service Fees. In the event of delinquencies in the payment of Exchange Service Fees by a non-member, the Exchange in its discretion may order that further trading in the accounts of such non-member shall be for liquidation only until the indebtedness is paid.~~

- ~~(j) — **special assessments.** This Rule shall not be construed to supersede Rule 240.00 in any way nor to abrogate the responsibility and right of the Exchange to levy such additional assessments, charges or fees upon the membership as may be necessary to meet the obligations of the Exchange. 136 (05/01/05)~~

~~**450.01 Exchange Service Fees**—Payment of the Exchange Service Fee in respect to transactions executed by a member or delegate on the Floor as a floor broker for the account of others, under Rule 450.00, must be remitted to the Exchange's Accounting Department within thirty days commencing from the date of the Exchange's invoice to the member. Failure to pay the invoiced transaction fees within the prescribed thirty days may result in the suspension (pursuant to the provisions of Exchange Regulation 540.06) of the defaulting member's membership privileges, including floor access and the benefit of member transaction fees.~~

~~Payment of the Exchange Service Fee in respect to transactions for members' or delegates' own accounts or member firms' accounts, under Rule 450.00, must be remitted to the Exchange's Accounting Department by the member firm clearing such transactions within twenty one days commencing from the date of the Exchange's invoice to such clearing member firm.~~

~~No member or member firm shall identify on its statements to nonmember customers any charge as an "Exchange Service Fee" unless the amount shown is actually due and payable to the Exchange under Rule 450.00. (05/01/05)~~

~~**450.01A — Exchange Service Fees** — BE IT RESOLVED, that Regulation 450.01 be adopted with effective date of April 1, 1974 for Exchange Service Fees on member transactions and May 1, 1974 for Exchange Service Fees on non-member transactions. (08/01/94)~~

~~**450.02A Member's Own Account** - See Regulation 244.01 For the purpose of implementing Rule 450.00, the term "member's own account" shall refer only to those commodity futures or commodity options trading accounts that are wholly owned by and held in the name of one or more members. For any account held by more than one member, all trades made for such account shall pay transaction fees equal to the highest fee required of any of the individual participants in the account, in accordance with Regulation 450.02E. An account owned by and held in the name of a non-member spouse or other relative of a member shall not be considered a member's account. (10/01/02)~~

~~**450.02B Member's Own Account in Trust** - See Regulation 244.02 For the purpose~~

of Rule 450.00, a commodity futures or commodity options trading account placed in trust shall be deemed a "members own account" if the following are true:

- ~~— (1) the member is the sole settlor of the trust; and~~
- ~~— (2) the member is one of the trustees of the trust and as such trustee, has sole control over the investment making decisions of the trust; and~~
- ~~— (3) the beneficiaries of the trust include only the member, the member's spouse and/or the member's descendants; and~~
- ~~— (4) the trust declaration expressly incorporates the Rules and Regulations of the Exchange, as may be amended; and~~
- ~~— (5) the interest in the trust that inures to the beneficiaries of the trust shall be subject to all Rules and Regulations of the Exchange, as may be amended; and~~
- ~~— (6) the non member trustee, if any, expressly agrees in the trust declaration, to be subject to all Rules and Regulations of the Exchange, as amended.~~

~~The member must provide the Exchange, via the Member Services Department, a copy of the trust declaration creating the trust described in the preceding sentence as well as any amendments thereto along with a letter from an attorney stating that in the attorney's opinion, the trust created is designed to achieve the estate planning objectives of the member. Upon the member's death or if the member is adjudged incompetent, any commodity futures or commodity options trading account placed in trust pursuant to this section by such member will be treated as a non member trading account for purposes of implementing Rule 450.00. (01/01/02)~~

450.02C(i) Member Firm's Proprietary Account - See Regulation 244.03 ~~For the purpose of implementing Rule 450.00, the term "member firm's account" shall refer only to those commodity futures or commodity options trading accounts that are wholly owned by and held in the name of the member firm. The term "member firm" shall refer only to a firm registered with the Exchange pursuant to Regulation 230.02. For an account to qualify as member firm proprietary account, delegates and individuals who are non members with respect to the contracts being traded, who initiate and/or enter trades on behalf of the proprietary account must meet the following requirements:~~

- ~~— (1) may not provide trading capital for the account; and~~
- ~~— (2) may not have responsibility to provide capital based on trading losses; and~~
- ~~— (3) for individuals that are not issued a W 2 (or comparable documentation in jurisdictions other than the United States) the firm must have a written agreement detailing the full terms of their compensation agreements; and~~
- ~~— (4) may not contribute subordinated debt, unless the individual is a partner or shareholder of the member firm; and~~
- ~~— (5) gross trading profits and losses must be reported in the firm's income statement.~~

~~Any account that does not meet the above criteria will be considered a joint account with a non member entity or individual and therefore, must comply with Regulation 450.02E. (11/01/03)~~

450.02C(ii) Individual Member's Trading Account - See Regulation 244.04 For purposes of implementing Rule 450.00, for an account to qualify as an individual member's account or a joint account of individual members, where the trades are executed on e-cbot, delegates or individuals who are non-members with respect to the contract being traded, who initiate and/or enter trades on behalf of the account must meet the following requirements:

- (1) may not provide trading capital for the account; and
- (2) may not have responsibility to provide capital based on trading losses; and
- (3) the individual member must have a written agreement detailing the full terms of the non-member trader's compensation; and
- (4) the trader may not make a loan to the individual member for the purposes of providing trading capital. A member that is trading on the floor may designate up to a maximum of two clerks who may execute trades initiated by the member and executed through e-cbot. Such trades will be eligible for fees at the individual member rate (level 1).

Any account that does not meet the above criteria will be considered a joint account with a non-member entity or individual, and therefore must comply with Regulation 450.02E. (11/01/03)

450.02C(iii) Firm Owner Trading a Proprietary Account - See Regulation 244.05 In cases where a non-member owner or partner, including limited liability partners, of a member firm trades a member firm proprietary account, and where the owner/trader's compensation is tied to the profitability of the specific proprietary account(s), in order for the trades in such proprietary account to receive member fee treatment, the owner/trader must maintain at least \$200,000 in the trading account(s) and the \$200,000 must be available to support the trading activity on the Exchange. If the owner/trader does not maintain the requisite \$200,000, the account will be considered a joint account between the member firm and the non-member owner/trader, and thereby the transaction fees will be determined in accordance with Regulation 450.02E. (11/01/03)

450.02D Member Firm Affiliates and Designated Passive Investor Entities - See Regulation 230.03

(i) **Member Firm Affiliates** - For purposes of this regulation, the term "member firm affiliate" shall mean a non-Futures Commission Merchant, non-clearing entity which is wholly owned by one or more member firms, which wholly owns a member firm, or which is wholly owned by the same parent company(ies) as a member firm. For purposes of this regulation, the term "member firm" shall refer only to a firm registered with the Exchange pursuant to registration categories (1a), (1b), (2a) or (2b) of Regulation 230.02.

(a) A member firm affiliate may qualify for delegate fee treatment (i.e., the applicable member firm fee plus the applicable delegate fee) with respect to its transactions on the Exchange: (1) if a Series B-1 (Full) membership, leased in the name of one of its principals or employees, and 27,338 shares of Class A common stock of CBOT Holdings are registered on its behalf; or (2) if a Series B-2 (Associate) membership, leased in the name of one of its principals or employees, and 10,000 shares of Class A common stock of CBOT Holdings are registered on its behalf.

~~(b) A member firm which owns one or more Series B-1 (Full) memberships in addition to those required for its own registration under Rule 230.00, and/or any Series B-2 (Associate) membership(s), (hereinafter “non qualifying memberships”) may designate such a non qualifying membership as well as non qualifying (not required for the member firm’s own registration) shares of Class A common stock of CBOT Holdings, to make its member firm affiliate eligible for member firm transaction fee treatment. A non qualifying membership and non qualifying shares may not be designated for more than one member firm affiliate at any given time. A member firm affiliate, for which a non qualifying Series B-1 (Full) membership has been designated, must have 27,338 shares of Class A common stock of CBOT Holdings either registered or designated on its behalf, in order to be eligible for member firm transaction fee treatment. A member firm affiliate, for which a non qualifying Series B-2 (Associate) membership has been designated, must have 10,000 shares of Class A common stock of CBOT Holdings either registered or designated on its behalf, in order to be eligible for member firm transaction fee treatment.~~

~~(c) A member firm that has at least four (4) Series B-1 (Full) memberships and two (2) Series B-2 (Associate) memberships and 129,352 shares of Class A common stock of CBOT Holdings (which may be acquired and registered as combinations or as separate interests in one or more transactions) registered on its behalf, including any Series B-1 (Full) memberships and shares of Class A common stock of CBOT Holdings required for its own registration under Rule 230.00, may designate any number of its member firm affiliates for member firm transaction fee treatment. A member firm whose proprietary trading on the Exchange includes only agricultural contracts may, at its option, designate for member firm transaction fee treatment any number of its member firm affiliates whose proprietary trading on the Exchange also includes only agricultural contracts, if the member firm has at least five (5) Series B-1 (Full) memberships and 136,690 shares of Class A common stock of CBOT Holdings registered on its behalf (which may be acquired and registered as combinations or as separate interests in one or more transactions).~~

~~(ii) Member Firm Designation of Passive Investor Entities — A member firm that is registered with the Exchange pursuant to registration categories (1a), (1b), (2a) or (2b) of Regulation 230.02, and that has at least four (4) Series B-1 (Full) memberships and two (2) Series B-2 (Associate) memberships and 129,352 shares of Class A common stock of CBOT Holdings registered on its behalf, including any Series B-1 (Full) memberships and shares of Class A common stock of CBOT Holdings required for its own registration under Rule 230.00, and/or member firm affiliates of such a category (1a), (1b), (2a) or (2b) member firm, or a member firm registered with the Exchange pursuant to registration category (3) of Regulation 230.02, may designate, for member firm transaction fee treatment, up to a total of five non FCM, non clearing passive investor entities, where the member firm or member firm affiliate exercises trading control over, or is under common trading control with, such entities, or in addition with respect to a category (3) member firm, which wholly owns such entities. For purposes of this regulation, a “passive investor entity” is defined as a commodity pool, hedge fund, or other collective investment vehicle.~~

~~If a Regulation 230.02, category (1a), (1b), (2a) or (2b) member firm and/or its member~~

~~firm affiliates, or (3) member firm wishes to designate more than five passive investor entities as described in this paragraph (ii), there must be an additional four (4) Series B-1 (Full) memberships and two (2) Series B-2 (Associate) memberships and an additional 129,352 shares of Class A common stock of CBOT Holdings registered on the member firm's behalf, in order for the member firm and/or member firm affiliates to be eligible to designate up to a total of six additional such entities.~~

~~(iii) Provisions Applicable to Designations of Member Firm Affiliates and Passive Investor Entities—All designations of member firm affiliates and passive investor entities, as described in paragraphs (i) and (ii) above, shall be subject to the following provisions:~~

~~(a) In order to become effective, the designation must be documented with, and approved by, the Exchange in such manner as the Exchange prescribes.~~

~~(b) Upon such designation, the member firm affiliate or passive investor entity shall be subject to the Exchange's jurisdiction and to all duties and obligations imposed upon members and member firms under the Rules and Regulations; provided, however, that the Exchange may exempt such member firm affiliates or passive investor entities from any such duty or obligation which, in the Exchange's sole judgment, is incompatible or in conflict with, or is unrelated to, the activities of the member firm affiliate or passive investor entity.~~
~~(c) The Exchange may withdraw its approval of such designation for good cause.~~

~~(d) A non-qualifying membership and non-qualifying shares of Class A common stock of CBOT Holdings described in paragraph (i)(b), and all of the memberships and shares of Class A Common stock of CBOT Holdings described in paragraphs (i)(c) and (ii), will be subject to sale by the Exchange for the acts or delinquencies of the member firm by which they are designated or for which they are registered, and/or for the acts or delinquencies of any member firm affiliate or passive investor entity that has been designated by the member firm under this regulation.~~

~~(e) Upon the sale or transfer of a non-qualifying membership or any of the shares of Class A common stock of CBOT Holdings described in paragraph (i)(b) or any of the memberships or shares of Class A common stock of CBOT Holdings described in paragraphs (i)(c) and (ii), claims may be filed pursuant to Regulation 249.01(h) against the member firm by which they are designated or for which they are registered, and/or against any member firm affiliate or passive investor entity that has been designated by the member firm under this regulation. (08/01/05)~~

~~**450.02E Joint Accounts** – See Regulation 244.06 Any account where profits and/or losses are shared by more than one party (member or non member, shall pay Exchange transaction fees based on the highest rate applicable to any of the account's participants. In addition, a trading account that is funded by a loan shall be deemed a joint account between the borrower and the lender unless it can be demonstrated that the terms of the loan represent a reasonable interest rate, not affected by the profits and/or losses generated in the account. Further, the terms of the loan cannot suggest that the loan need not be paid back in the event of losses. (10/01/02)~~

~~**450.02F Transaction Fees for e cbot Member Firms**—Delegate transaction fee~~

~~rates shall apply to eligible business organizations which are e-cbot member firms pursuant to Rule 230.00 and Regulation 230.02 based on either the registration of a delegated Series B-1 (Full) or Series B-2 (Associate) membership or the registration of a Series B-2 (Associate) membership that is owned by such member firm or its nominee (as well as the share requirements described in Rule 230.00). (07/01/05)~~

~~**450.02G — Fees in Connection with Firm-Owned Memberships** — For purposes of Rule 450.00(a)(3), an individual utilizing a firm-owned membership shall be treated as a member (rather than as equivalent to a delegate) to the extent that such individual executes, or initiates and executes, as applicable, trades on behalf of the proprietary account or a customer account, as applicable, of an affiliate of the member firm which owns his/her membership.~~

~~For purposes of this regulation, the term “affiliate” shall mean a member firm affiliate as defined in Regulation 450.02D. For purposes of this regulation, the term “member firm” shall refer only to a firm registered with the Exchange pursuant to registration categories (1a), (1b), (2a), (2b) or (3) of Regulation 230.02. (05/01/05)~~

~~**450.02H — e-cbot Trades Executed by a Non-Member Terminal Operator** — In order for an individual member to receive member transaction fee rates as specified in Rule 450.00(c)(1) for trades executed by a non-member terminal operator, such non-member terminal operator must have accessed the e-cbot system under a subgroup ID different from that of the member account owner and may not otherwise have access to the member account owner’s open transactions. (05/01/05)~~

~~**450.02I Category (3) Fees** - See Regulation 244.08 — Member firms qualified under Regulation 230.02 Category (3) will be granted the same fee treatment as the proprietary accounts of Category (1a), (1b), (2a) and (2b) member firms where the trade is either initiated or executed by a non-member. (11/01/03)~~

~~**450.02J Transaction Fee Status of CBOE Exercisers** - See Regulation 244.07 Pursuant to Rules 450.00 and 221.00, as applicable, and in accordance with the August 7, 2001 Agreement between the Exchange and the Chicago Board Options Exchange (“CBOE”), as modified by the letter agreements, dated October 7, 2004, February 11, 2005 and February 14, 2005, between the Exchange, CBOE and CBOT Holdings, Series B-1 (Full) members and Series B-1 (Full) member delegates who utilize their rights in Series B-1 (Full) membership as a basis to exercise and become a member of the CBOE without purchasing a membership on such exchange (hereinafter referred to as “Exerciser Members”) will be subject to the following:~~

~~a) Open Auction Trades — Exerciser Members will be obligated to pay non-member (customer) rates for trades executed on the CBOT Exchange Floor by or on behalf of such Exerciser Member at any time when such Exerciser Member is logged on to the CBOE’s electronic trading platform;~~

~~b) e-cbot Trades —~~

~~i) If a Series B-1 (Full) member who is an Exerciser Member is an Exerciser Member is physically present on the CBOE trading floor or is logged onto the CBOE’s electronic trading platform at the time an order is entered or altered in e-cbot by or on behalf of such Exerciser Member, then such Exerciser Member will be obligated to~~

~~pay non-member (customer) rates for trades resulting from the execution of such orders.~~

~~ii) A series B-1 (Full) member delegate who is an Exercise Member will be obligated to pay non-member (customer) rates for all trades executed on e-cbot by or on behalf of such Exerciser Member.~~

~~The foregoing obligations will not apply if such Exerciser Member possesses another membership that has not either been delegated or, in the case of another CBOT Series B-1 (Full) membership, used as a basis to exercise and become a member of the CBOE, and that entitles such member to trade in a particular product. (08/01/05)~~

450.04 Exchange Service Fees – Adjustments – See Rule 245.00 Exchange

~~Transaction Fee adjustments resulting from the overpayment of transaction fees must be made through the Exchange Fee Billing System's ("EFB") on-line correction facility. The Exchange will only grant adjustments to member firms for the overpayment of exchange transaction fees for the prior two months from the month the adjustment is made to the EFB on-line correction facility.~~

~~The Exchange will only require member firms to make adjustments for the underpayment of exchange transaction fees for a period up to one year back from the end of the audit period selected by the Exchange. Exchange findings of underpayments may not be offset with an adjustment for any overpayments, except as provided above. Interest and/or costs may be assessed in accordance with policies established by the Exchange. (04/01/06)~~

450.05 Fees – See Rule 246.00 ~~Members and member firms will be granted lower fees than non-members. (11/01/00)~~

~~**450.06 Member Fee Cap Clarification**—The maximum amount of fees paid of \$25,000 as described in Rule 450.00 (a) applies only to trades executed on the Exchange trading floor and not to trades executed through e-cbot. (01/01/02)~~

490.08 Advertising - No member shall publish any advertisement of other than strictly legitimate business character.