

Exchange Rulebook

OneChicago, LLC

OneChicago ✕
the joint venture exchange

BY ACCESSING, OR ENTERING ANY ORDER INTO, THE ONECHICAGO SYSTEM, AND WITHOUT ANY NEED FOR ANY FURTHER ACTION, UNDERTAKING OR AGREEMENT, A CLEARING MEMBER, EXCHANGE MEMBER OR ACCESS PERSON AGREES (I) TO BE BOUND BY, AND COMPLY WITH, THE RULES OF THE EXCHANGE, THE RULES OF THE CLEARING CORPORATION AND APPLICABLE LAW, IN EACH CASE TO THE EXTENT APPLICABLE TO IT, AND (II) TO BECOME SUBJECT TO THE JURISDICTION OF THE EXCHANGE WITH RESPECT TO ANY AND ALL MATTERS ARISING FROM, RELATED TO, OR IN CONNECTION WITH, THE STATUS, ACTIONS OR OMISSIONS OF SUCH CLEARING MEMBER, EXCHANGE MEMBER OR ACCESS PERSON. SEE RULE 307(A) AND THE RELATED DEFINITIONS IN THIS RULEBOOK.

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RULEBOOK

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ONECHICAGO, LLC
RULEBOOK**CHAPTER 1**
DEFINITIONS**Scope of Definitions**

Unless otherwise specifically provided in the Rules of the Exchange or the context otherwise requires, the terms defined in this Chapter shall for all purposes of the Rules of the Exchange have the meanings specified herein.

101. Access Person

The term “Access Person” means any Person, other than a Clearing Member or Exchange Member, or Related Party of either, who has been given access to the OneChicago System through a OneChicago Workstation by a Clearing Member.

102. Access Privileges

The term “Access Privileges” means the right to access, and enter orders into, the OneChicago System.

103. Affiliate

An “Affiliate” of, or a Person “Affiliated” with, another Person is a Person who, directly or indirectly, Controls, is Controlled by, or is under common Control with, such other Person.

104. Applicable Law

The term “Applicable Law” includes, but is not limited to, the CEA, Commission Regulations, the Exchange Act, Exchange Act Regulations and margin rules adopted by the Board of Governors of the Federal Reserve System, all as amended from time to time.

105. Average Price System

The term “Average Price System” means any system used by a Clearing Member, Exchange Member or Access Person that is a registered futures commission merchant to calculate and confirm to its Customers an average price for any Contract when multiple execution prices are received on any Order or series of Orders for such Contract.

106. Bankruptcy Code

The term “Bankruptcy Code” means Title 11 of the United States Code, as amended from time to time.

107. Block Trade

The term “Block Trade” has the meaning set forth in Rule 417(a).

108. Board

The term “Board” means the board of directors of the Exchange constituted as described in Chapter 2.

109. Business Conduct Committee

The term “Business Conduct Committee” means the business conduct committee of the Exchange constituted as described in Chapter 2, with the authority and rights set forth in Rule 703.

110. Business Day

The term “Business Day” has the meaning set forth in Rule 402.

111. CBOE

The term “CBOE” means the Chicago Board Options Exchange, Incorporated, a Delaware corporation (including its successors).

112. CBOE Subsidiary

The term “CBOE Subsidiary” means CBOE, LLC, a Delaware limited liability company and wholly owned subsidiary of the CBOE (including its successors).

113. CBoT

The term “CBoT” means the Board of Trade of the City of Chicago, Inc., a Delaware corporation (including its successors).

114. CEA

The term “CEA” means the Commodity Exchange Act, as amended from time to time.

115. Chief Executive Officer

The term “Chief Executive Officer” means the individual appointed by the Board from time to time as the chief executive officer of the Exchange, with the duties and responsibilities described in Rule 208(d).

116. Chief Financial Officer

The term “Chief Financial Officer” means the individual appointed by the Board from time to time as the chief financial officer of the Exchange, with the duties and responsibilities described in Rule 208(e).

117. Clearing Corporation

The term “Clearing Corporation” means The Options Clearing Corporation, a Delaware corporation (including its successors), the CME or such other clearing organization or organizations as the Exchange may designate in the future to provide clearing services with respect to any or all of its Contracts. To the extent that the Exchange designates multiple clearing organizations to provide clearing services at any given time, the term “Clearing Corporation” shall refer to the clearing organization or organizations designated to provide such services with respect to the Contract or Clearing Member in question.

118. Clearing Member

The term “Clearing Member” means each Person from time to time found eligible and authorized, either individually or as part of a group or category, by the Board to clear trades in any or all Contracts.

119. CME

The term “CME” means Chicago Mercantile Exchange Inc., a Delaware corporation (including its successors).

120. Commission

The term “Commission” means the Commodity Futures Trading Commission, and includes any successor agency or authority.

121. Commission Regulation

The term “Commission Regulation” means any rule, regulation, order, directive and any interpretation thereof adopted from time to time by the Commission.

122. Contract

The term “Contract” means any Future.

123. Control

The term “Control” means the power to exercise a controlling influence over the management or policies of a Person, unless such power is solely the result of an official position with such Person. Any Person who owns beneficially, directly or indirectly, more than 20% of the voting power in the election of directors of a corporation, or more than 25% of the voting power in the election of directors of any other corporation which directly or through one or more Affiliates owns beneficially more than 25% of the voting power in the election of directors of such corporation, shall be presumed to control such corporation. The terms “controlling” or “controlled” shall have meanings correlative to the foregoing.

124. Customer

The term “Customer” means any Person for whom a Clearing Member or, if applicable, Exchange Member or Access Person carries an account (other than such Clearing Member, Exchange Member or Access Person or any of its Affiliates) or from whom a Clearing Member or, if applicable, Exchange Member or Access Person, solicits or accepts an Order.

125. Delaware LLC Act

The term “Delaware LLC Act” means the Delaware Limited Liability Company Act, as amended from time to time.

126. Director

The term “Director” means each limited liability company manager, as such term is defined in §18-101(10) of the Delaware LLC Act, who is designated as described in Rule 207 to serve on the Board.

127. Division

The term “Division” has the meaning set forth in Rule 702.

128. Emergency

The term “Emergency” means any occurrence or circumstance which requires immediate action and threatens or may threaten the fair and orderly trading in, or the liquidation of or delivery pursuant to, any Contract. An Emergency may include, without limitation, any of the following:

- (a) Any manipulative activity or attempted manipulative activity;
- (b) Any actual, attempted or threatened corner, squeeze, congestion or undue concentration of positions;

(c) Any circumstance which may materially adversely affect the performance of Contracts, including any failure of the payment system;

(d) Any action taken by the federal or any foreign government, any other governmental body or any other exchange or trading facility (foreign or domestic), in each case which may have a direct adverse effect on trading on the Exchange;

(e) Any circumstance which may have a severe, adverse effect upon the physical functions of the Exchange, including fire or other casualty, bomb threats, substantial inclement weather, power failures, communications breakdowns, computer system breakdowns, malfunctions of plumbing, heating, ventilation and air conditioning systems and transportation breakdowns;

(f) The bankruptcy or insolvency of any Clearing Member or the imposition of any injunction or other restraint by any government agency, court or arbitrator upon a Clearing Member which may affect the ability of such Clearing Member to perform on its Contracts;

(g) Any circumstance in which it appears that a Clearing Member or any other Person has failed to perform its Contracts, is insolvent, or is in such financial or operational condition or is conducting business in such a manner that such Person cannot be permitted to continue in business without jeopardizing the safety of Customer funds, other Clearing Members, the Exchange or the Clearing Corporation; and

(h) Any other unusual, unforeseeable and adverse circumstance with respect to which it is impracticable for the Exchange to submit in a timely fashion a reviewable rule to the Commission.

129. Exchange

The term “Exchange” means OneChicago, LLC, a Delaware limited liability company (including its successors), and when used with reference to the administration of any Rule of the Exchange means either the Board or the officer, employee, agent, committee or delegee to whom appropriate authority to administer such provision has been delegated.

130. Exchange Act

The term “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time.

131. Exchange Act Regulation

The term “Exchange Act Regulation” means any rule, regulation, order, directive and any interpretation thereof adopted from time to time by the Securities and Exchange Commission, including any successor agency or authority.

132. Exchange Member

The term “Exchange Member” means (a) any Person with B-1, B-2, B-3 or B-4 trading privileges on the CME, (b) any Person with full member trading rights or option trading permits (until such permits expire) on the CBOE and (c) any Person with member trading privileges on the CBoT, in each case (x) on such terms and subject to such limitations as may be determined by the Board and (y) subject to termination, bar or suspension of such Person’s status as an Exchange Member pursuant to the Rules of the Exchange. All such Persons are part of one single class of Exchange Members and equally entitled to Access Privileges, except for such differences between Persons holding B-1, B-2 or B-3 trading privileges on the CME, Persons with full member trading rights or option trading permits (until such permits expire) on the CBOE and Persons holding full or associate member trading privileges on the CBoT, on the one hand, and Persons holding B-4 trading privileges on the CME and Persons holding COM, GIM or IDEM trading privileges on the CBoT, on the other hand, as the Board may from time to time determine to be necessary or appropriate.

133. Exchange of Future for Physical

The term “Exchange of Future for Physical” means any transaction entered into in accordance with the Rules of the Exchange, a component of which is not executed on the Exchange and a component or all of which involves a Future.

134. Ex Parte Communication

The term “Ex Parte Communication” means any oral or written communication made without notice to all parties. A written communication is an Ex Parte Communication unless a copy thereof has been delivered to all interested parties. An oral communication is an Ex Parte Communication unless it is made in the presence of all interested parties other than those who, after receiving adequate prior notice, declined to be present.

135. Expiration Date

The term “Expiration Date” means, with respect to any Contract, the day and time set forth in the Rules of the Exchange governing such Contract for the termination or expiration of such Contract.

136. Expiration Month

The term “Expiration Month” means, with respect to any Contract, the month and year set forth in the Rules of the Exchange governing such Contract for the termination or expiration of such Contract.

137. Future

The term “Future” means any contract for the purchase or sale of any commodity for future delivery from time to time traded on or subject to the Rules of the Exchange.

138. General Counsel

The term “General Counsel” means the individual appointed by the Exchange from time to time as its general counsel, with the duties and responsibilities set forth in Chapter 7 and such additional duties and responsibilities as may otherwise be prescribed by the Exchange from time to time.

139. Majority in Interest of the Owners

The term “Majority in Interest of the Owners” means Owners holding in the aggregate 70% or more of all ownership units of the Exchange entitled to a vote.

140. Market Improver

The term “Market Improver” means any Clearing Member, Exchange Member or Access Person that first enters an Order or quote at a price that is better than the best price previously available, provided such Order or quote is continuously exposed to the market until it is executed. There may be a Market Improver for each price at which a particular Contract trades on any trading day.

141. NFA

The term “NFA” means the National Futures Association, and includes any successor organization fulfilling similar functions under the CEA.

142. OneChicago System

The term “OneChicago System” means the electronic systems administered by or on behalf of the Exchange which perform the functions set out in the Rules of the Exchange, including controlling and recording trading through OneChicago Workstations.

143. OneChicago Workstation

The term “OneChicago Workstation” means any computer connected to the OneChicago System, whether directly (through the application program interface of

CBOE or CME, a proprietary network, the internet or otherwise) or indirectly through systems operated by a Clearing Member, in each case for the purpose of trading Contracts.

144. Order

The term “Order” means any Market Order, Limit Order, Cancel Order, Cancel Replace Order, Day Order, Good ‘til Canceled Order, Spread Order or Contingency Order (including any All or None Order, Fill or Kill Order, Immediate or Cancel Order, Stop Order or Stop Limit Order), all having the respective meanings set forth in Rule 404, as well as any other types of Orders that may be approved by the Exchange from time to time.

145. Outside Director

The term “Outside Director” has the meaning set forth in Rule 207(b)(iv).

146. Owner

The term “Owner” means each “member” (within the meaning of the Delaware LLC Act) from time to time of the Exchange.

147. Owner-Appointed Director

The term “Owner-Appointed Director” has the meaning set forth in Rule 207(c).

148. Passwords

The term “Passwords” has the meaning set forth in Rule 513(b).

149. Percentage Interest

The term “Percentage Interest” means, with respect to any Owner and at any time, a fraction (expressed as a percentage), the numerator of which is the number of all ownership units of the Exchange held by such Owner and the denominator of which is the sum of all ownership units of the Exchange held by all Owners at such time.

150. Person

The term “Person” means any natural person, association, partnership, limited liability company, joint venture, trust or corporation.

151. Probable Cause Committee

The term “Probable Cause Committee” means the probable cause committee of the Exchange constituted as described in Chapter 2, with the authority and rights set forth in Rule 704.

152. Related Party

The term “Related Party” means, with respect to any Clearing Member or Exchange Member, any partner, director, officer, branch manager or employee of such Clearing Member or Exchange Member (or any Person occupying a similar status or performing similar functions) or any Person directly or indirectly Controlling, Controlled by, or under common Control with, such Clearing Member or Exchange Member.

153. Responsible Trader

The term “Responsible Trader” has the meaning set forth in Rule 513(a).

154. Rule of the Clearing Corporation

The term “Rule of the Clearing Corporation” means the Certificate of Incorporation, the By-laws and any rule, interpretation, stated policy, or instrument corresponding to any of the foregoing, in each case as adopted or amended from time to time by the Clearing Corporation relating to the Exchange or any or all of the Contracts.

155. Rule of the Exchange

The term “Rule of the Exchange” means the rules of the Exchange and any interpretation, stated policy or instrument corresponding thereto, in each case as adopted or amended from time to time by the Exchange.

156. Single Stock Futures

The term “Single Stock Futures” has the meaning set forth in Rule 901.

157. Specifications Supplement

The term “Specifications Supplement” has the meaning set forth in Rule 902.

158. Stock Index Future

The term “Stock Index Future” has the meaning set forth in Rule 1001.

159. Subject

The term “Subject” has the meaning set forth in Rule 705(b).

160. Trading Hours

The term “Trading Hours” has the meaning set forth in Rule 402.

CHAPTER 2 GOVERNANCE OF THE EXCHANGE

General

201. Name

The name of the Exchange shall be “OneChicago, LLC.” The name of the Exchange may be changed as the Board may determine to be appropriate.

202. Principal Place of Business

The Exchange shall have its principal place of business at such location in Chicago, Illinois as the Board may from time to time determine.

203. Purpose and Scope of the Exchange

The sole purpose of the Exchange shall be to develop, list for trading, market, regulate, clear and settle transactions in Single Stock Futures and Stock Index Futures.

204. Effectiveness of Rules

Unless otherwise specified by the Board, all Rules of the Exchange and amendments thereto from time to time adopted by the Board shall become effective on such date (after any required filing with, or approval thereof by, the Commission) as may be determined by the Exchange.

Board Committees and Officers

205. Authorization

The Board and its committees, as well as the committees and officers of the Exchange, shall be established, appointed or elected as described in this Chapter 2, and shall have the rights, duties and responsibilities set forth herein. Notwithstanding anything in these Rules to the contrary, the Board shall have the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decisions of its committees and of the committees and officers of the Exchange.

206. Eligibility

No Person may serve as a member of the Board, the Business Conduct Committee, the Probable Cause Committee, the Arbitration Committee or any other “disciplinary committee”, “arbitration panel” or “oversight panel” (all as defined in Commission Regulation § 1.63) of the Exchange if, in the last three years before the date of determination, such Person was found to have committed any “disciplinary offense” (as defined in Commission Regulation § 1.63), was suspended from trading, had a

registration revoked or was suspended from serving on a governing board under federal laws.

207. Directors

(a) *General Powers.* The business and affairs of the Exchange shall be managed by or under the direction of the Board, with all rights and powers generally conferred by law or necessary, advisable or consistent in connection therewith. The Board may do all such lawful acts and things as are not by the Delaware LLC Act, directed or required to be exercised or performed by the Owners. At any time during which there is no Director, a Majority in Interest of the Owners may exercise from time to time any or all of the rights and powers of the Board.

(b) *Designation of Directors; Initial Board.* The initial Board shall be composed of up to 11 Directors, which shall be elected or appointed as follows:

(i) The CBOE Subsidiary shall appoint three Directors;

(ii) The CME shall appoint three Directors;

(iii) The CBoT shall appoint one Director;

(iv) Up to three outside Directors (each, an “Outside Director”), who shall not otherwise be affiliated with or employed by the Exchange or employed by any Owner, shall be elected by the affirmative vote of a Majority in Interest of the Owners, after consultation with the Chief Executive Officer; and

(v) The Chief Executive Officer.

(c) *Number, Tenure, and Qualifications; Allocation of Directorships.* A Director appointed pursuant to Rule 207(b) (each, an “Owner-Appointed Director”) shall serve until his or her death, resignation or removal, whichever occurs first, in a manner permitted by Applicable Law. Each Owner having a Percentage Interest of eight percent or greater (rounded down to the nearest whole percent for purposes of this Rule 207), shall be entitled in its sole discretion to appoint a number of Owner-Appointed Directors in accordance with the following schedule:

<u>Percentage Interest</u>	<u>Owner-Appointed Directors</u>
8% or greater	1
20% or greater	2
35% or greater	3
50% or greater	4
65% or greater	5

If at any time the Percentage Interest of any Owner changes such that the number of Owner-Appointed Directors that such Owner is entitled to appoint also changes, the Board shall so notify the Owner or Owners affected by such change, and such Owner or Owners shall then have five Business Days to appoint or remove, as the case may be, the requisite number of Owner-Appointed Directors in accordance with the revised Percentage Interests. In the event that an Owner fails to appoint or remove such requisite number of Directors within the specified time, the other Directors may, as required, (i) appoint a Director or Directors to serve only until the Owner affected by such change appoints its requisite number of Owner-Appointed Directors or (ii) act to remove the requisite number of Owner-Appointed Directors serving on behalf of the Owner affected by such change until such Owner makes its selection. Notwithstanding the foregoing, so long as each of the CBOE Subsidiary, the CME or the CBoT holds a Percentage Interest of five percent or greater, each such Initial Owner shall retain a minimum of one Owner-Appointed Director on the Board; *provided* that if as a result of the admission of a new Owner the Percentage Interest of any of the aforementioned initial Owners is reduced below the five percent threshold specified above, such initial Owner shall nevertheless retain one Owner-Appointed Director on the Board.

Each Outside Director shall hold office for a term of two years or until his or her death, resignation or removal, whichever occurs first, in a manner permitted by Applicable Law. Outside Directors shall be elected at the annual meeting of the Owners occurring in the second calendar year following the initial election pursuant to paragraph (b) above, and then at every second annual meeting of the Owners. Notwithstanding the foregoing, the number and qualification of Directors described in this Rule 207 may be fixed or changed from time to time by action of a Majority in Interest of the Owners.

(d) *Vacancies.* A vacancy created because of the death, disability, resignation or removal of a Director:

(i) appointed by any Owner pursuant to clause (i), (ii) or (iii) of paragraph (b) above shall be filled by the Owner entitled to appoint such Director; and

(ii) elected pursuant to clause (iv) of paragraph (b) above shall be filled in accordance with such clause.

The Director so appointed or elected to fill such vacancy shall serve as a Director until the next annual election of Directors and until his or her successor is duly elected and qualified or until his or her death, resignation or removal, whichever occurs first, in a manner permitted by Applicable Law.

(e) *Regular Meetings.* A regular meeting of the Board shall be held immediately following the close of, and at the same place as, each annual meeting of the Owners. No notice of any such meeting, other than this paragraph (e), shall be necessary in order legally to constitute any such meeting, *provided* a quorum is present. The Board may provide, by resolution, the time and place for the holding of additional regular meetings without notice other than such resolution.

(f) *Special Meetings.* Special meetings of the Board may be called by the Chief Executive Officer or any four Directors. The Directors calling a special meeting of the Board shall fix the time and place at which such meeting shall be held, and such time and place shall be specified in the notice of such meeting.

(g) *Quorum and Vote Required for Action.* At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board except as may be otherwise provided in this Chapter 2 or the Delaware LLC Act. If a quorum is not present at any meeting of the Board, a majority of the Directors present at such meeting may adjourn such meeting from time to time, without notice other than announcement at such meeting, until a quorum is present.

(h) *Resignation and Removal.* A Director may resign at any time by giving written notice to the Chief Executive Officer. A Director may be removed for cause by the act of a Majority in Interest of the Owners at a meeting of the Owners called expressly for the purpose of removing such Director. For these purposes, “for cause” shall mean that (i) the Director has (A) committed a willful serious act, such as fraud, embezzlement or theft, (B) committed or attempted any act against the Exchange intending to enrich himself or herself at the expense of the Exchange or (C) made an unauthorized use or disclosure of confidential information pertaining to the business of the Exchange, (ii) the Director has been convicted of a felony or commits an act constituting a felony, (iii) the Director has engaged in conduct which has caused serious injury, monetary or otherwise, to the Exchange, or (iv) the Director, in carrying out his or her duties, has been guilty of negligence or willful misconduct. A Director appointed under paragraph (b) above may be removed at any time by the Owner that appointed such Director, effective immediately upon providing written notification to the other Owners and to the remaining Directors. The termination of a person’s duties as Chief Executive Officer also shall terminate automatically such person’s status as a Director.

(i) *Committees.* The Board may designate by resolution one or more committees, which shall be comprised of members of the Board. Any such committee, to the extent provided in the resolution, shall have the authority and power to exercise the functions delegated to it by the Board. The Board may designate one or more Directors as alternate members of any committee who may replace any absent or disqualified member at any meeting of such committee. In the absence or in the case of disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another person to act at such meeting in the place of such absent or disqualified member.

208. Officers

(a) *Designation; Number; Election.* The officers of the Exchange shall be: the Chief Executive Officer, who shall be selected by all of the Directors excluding the Chief Executive Officer in his or her capacity as a Director; a Chief Financial Officer, who shall also serve as the treasurer of the Exchange; and such other officers as the Board may determine from time to time. All officers of the Exchange shall exercise such powers and perform such duties as may be determined from time to time by the Board. Any two or more offices may be held by the same person.

(b) *Salaries.* The salaries of all officers and agents of the Exchange selected by the Board shall be fixed by the Board, and no officer shall be prevented from receiving such salary by reason of the fact that he or she is also a Director of the Exchange.

(c) *Term of Office; Removal.* Each officer of the Exchange selected by the Board shall hold office until the next annual appointment of officers by the Board and until his or her successor is appointed and qualified, or until his or her death, resignation or removal, whichever occurs first. Any officer or agent selected by the Board may be removed at any time by the Board whenever in its judgment the best interests of the Exchange would be served thereby. Any vacancy occurring in any office of the Exchange at any time or any new offices may be filled by the Board for the unexpired portion of the term.

(d) *Chief Executive Officer.* The Chief Executive Officer shall be in charge of the business of the Exchange, subject to the direction and control of the Board. The Chief Executive Officer also shall have the title of chairman of the Board, and in such capacity shall preside over all meetings of the Board. In general, the Chief Executive Officer shall discharge all duties incident to the principal executive office of the Exchange and such other duties as may be prescribed by the Board from time to time. Without limiting the generality of the foregoing, the Chief Executive Officer: shall see that the resolutions and directions of the Board are carried into effect except in those instances in which such responsibility is specifically assigned to another person by the Board; or designate another person to preside at all meetings of the Owners or the Board; and, except in those instances in which the authority to execute is expressly delegated to another officer or agent of the Exchange or a different mode of execution is expressly prescribed by the Board, may execute for the Exchange certificates evidencing duly authorized shares of the Exchange, any contracts, deeds, mortgages, bonds, or other instruments which the Board has authorized, and may (without previous authorization by the Board) execute such contracts and other instruments as the conduct of the Exchange's business in its ordinary course requires, and may accomplish such execution in each case either under or without the seal of the Exchange and either individually or with any other officer authorized by the Board, according to the requirements of the form of the

instrument. The Chief Executive Officer may vote all securities which the Exchange is entitled to vote except as and to the extent that such authority is vested in a different officer or agent of the Exchange by the Board.

(e) *Chief Financial Officer and Treasurer.* The Chief Financial Officer shall be the principal accounting and financial officer of the Exchange and as such shall perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned by the Board or the Chief Executive Officer. Without limiting the generality of the foregoing, the treasurer of the Exchange shall have charge of and be responsible for the maintenance of adequate books of account for the Exchange and shall have charge and custody of all funds and securities of the Exchange and be responsible therefor and for the receipt and disbursement thereof. If required by the Board, the treasurer of the Exchange shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board may determine.

209. Indemnification; Fiduciary Duties

(a) *Indemnification of Directors and Officers.* The Exchange shall, to the full extent to which it is empowered to do so by the Delaware LLC Act and any other Applicable Law, indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a Director or officer of the Exchange, or is or was serving at the request of the Exchange as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding. In furtherance of the foregoing, the indemnification provisions contained in §18-108 of the Delaware LLC Act, shall be deemed to be extended to the officers of the Exchange.

(b) *Indemnification of Employees and Agents.* Persons who are not covered by paragraph (a) above and who are or were employees or agents of the Exchange, or are or were serving at the request of the Exchange as employees or agents of another corporation, partnership, joint venture, trust or other enterprise, may be indemnified to the extent authorized from time to time by the Board.

(c) *Other Rights of Indemnification.* The indemnification provided or permitted by this Rule 209 shall not be deemed exclusive of any other rights to which those indemnified may be entitled by law or otherwise, and shall continue as to any person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

(d) *Fiduciary Duties of Directors and Officers.* The Directors and officers of the Exchange, in carrying out their managerial roles described in this Agreement, shall be charged with the same fiduciary duties of care, loyalty and

good faith as are incumbent upon corporate directors and officers under the Delaware General Corporation Law, as amended from time to time.

Confidentiality and Conflicts of Interest

210. Confidentiality

(a) No member of the Board or any committee established by the Board or the Rules of the Exchange shall use or disclose any material non-public information, obtained in connection with such member's participation in the Board or such committee, for any purpose other than the performance of his or her official duties as a member of the Board or such committee.

(b) No officer, employee or agent of the Exchange shall (i) trade in any commodity interest if such officer, employee or agent has access to material non-public information concerning such commodity interest or (ii) disclose to any other Person material non public information obtained in connection with such employee's, officer's or agent's employment, if such employee, officer or agent could reasonably expect that such information may assist another Person in trading any commodity interest.

(c) For purposes of this Rule 210, the terms "employee," "material information," "non-public information" and "commodity interest" shall have the meanings ascribed to them in Commission Regulation § 1.59.

211. Conflicts of Interest

(a) *Named Party in Interest Conflict.*

(i) *Prohibition.* No member of the Board, the Business Conduct Committee, Probable Cause Committee or any other "disciplinary committee" or "oversight panel" (both as defined in Commission Regulation § 1.69) of the Exchange shall knowingly participate in such body's deliberations or voting in any matter involving a named party in interest where such member (A) is a named party in interest, (B) is an employer, employee or fellow employee of a named party in interest, (C) has any other significant, ongoing business relationship with a named party in interest, excluding relationships limited to executing Futures transactions opposite each other or to clearing Futures transactions through the same Clearing Members or (D) has a family relationship with a named party in interest. For purposes of this clause (i), a "family relationship" exists between a named party in interest and a member if such party is the member's spouse, former spouse, parent, stepparent, child, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece or in-law.

(ii) *Disclosure.* Prior to consideration of any matter involving a named party in interest, each member of the deliberating body who does not choose to abstain from deliberations and voting shall disclose to the Chief Executive Officer, or his or her designee, whether such member has one of the relationships listed in clause (i) above with a named party in interest.

(iii) *Procedure and Determination.* The Chief Executive Officer, or his or her designee, shall determine whether any member of the relevant deliberating body who does not choose to abstain from deliberations and voting is subject to a conflicts restriction under this paragraph (a). Such determination shall be based upon a review of the following information:

(A) information provided by such member pursuant to clause (ii) above; and

(B) any other source of information that is held by and reasonably available to the Exchange.

(b) *Financial Interest in a Significant Action Conflict.*

(i) *Prohibition.* No member of the Board, the Business Conduct Committee or any other “disciplinary committee” or “oversight panel” (both as defined in Commission Regulation § 1.69) of the Exchange shall participate in such body’s deliberations and voting on any significant action if such member knowingly has a direct and substantial financial interest in the result of the vote based upon either Exchange or non-Exchange positions that could reasonably be expected to be affected by the significant action under consideration, as determined pursuant to clause (iii) below. For purposes of this clause (i), the term “significant action” means (A) any action or rule change that addresses a specific Emergency or (B) any change in margin level that are designed to respond to extraordinary market conditions or that otherwise are likely to have a substantial effect on prices in any Contract.

(ii) *Disclosure.* Prior to consideration of any significant action, each member of the deliberating body who does not choose to abstain from deliberations and voting shall disclose to the Chief Executive Officer, or his or her designee, position information that is known to such member with respect to any particular month or months that are under consideration, and any other positions which the deliberating body reasonably expects could be affected by the significant action, as follows:

(A) gross positions held at the Exchange in such member’s personal accounts or “controlled accounts,” as defined in Commission Regulation § 1.3(j);

(B) gross positions held at the Exchange in proprietary accounts, as defined in Commission Regulation § 1.17(b)(3), at such member's affiliated firm;

(C) gross positions held at the Exchange in accounts in which such member is a principal, as defined in Commission Regulation § 3.1(a);

(D) net positions held at the Exchange in Customer accounts, as defined in Commission Regulation § 1.17(b)(2), at such member's affiliated firm; and

(E) any other types of positions, whether maintained at the Exchange or elsewhere, held in such member's personal accounts or the proprietary accounts of such member's affiliated firm, that the Exchange reasonably expects could be affected by the significant action.

(iii) *Procedure and Determination.* The Chief Executive Officer, or his or her designee, shall determine whether any member of the relevant deliberating body who does not choose to abstain from deliberations and voting is subject to a conflicts restriction under this paragraph (b). Such determination shall be based upon a review of the following information:

(A) the most recent large trader reports and clearing records available to the Exchange;

(B) information provided by such member pursuant to clause (ii) above; and

(C) any other source of information that is held by and reasonably available to the Exchange taking into consideration the exigency of the significant action being contemplated.

Unless the deliberating body establishes a lower position level, a member thereof shall be subject to the prohibition set forth in clause (i) above if the review by the Chief Executive Officer, or his or her designee, identifies a position in such member's personal or controlled accounts or accounts in which such member is a principal as specified in subclauses (ii)(A), (C) and (E), in excess of an aggregate number of 10 lots of Futures or a position in the accounts of such member's affiliated firm as specified in subclauses (ii)(B), (D) and (E), in excess of an aggregate number of 100 lots of Futures.

(iv) *Deliberation Exemption.* Any member of the Board, the Business Conduct Committee or any other "disciplinary committee" or

“oversight panel” (both as defined in Commission Regulation § 1.69) of the Exchange who would otherwise be required to abstain from deliberations and voting pursuant to clause (i) above may participate in deliberations, but not voting, if the deliberating body, after considering the factors specified below, determines that such participation would be consistent with the public interest; *provided, however*, that before reaching any such determination, the deliberating body shall fully consider the position information specified in clause (ii) above which is the basis for such member’s substantial financial interest in the significant action that is being contemplated. In making its determination, the deliberating body shall consider:

(A) whether such member’s participation in the deliberations is necessary to achieve a quorum; and

(B) whether such member has unique or special expertise, knowledge or experience in the matter being considered.

(c) *Documentation.* The minutes of any meeting to which the conflicts determination procedures set forth in this Rule 211 apply shall reflect the following information:

(i) the names of all members of the relevant deliberating body who attended such meeting in person or who otherwise were present by electronic means;

(ii) the name of any member of the relevant deliberating body who voluntarily recused himself or herself or was required to abstain from deliberations or voting on a matter and the reason for the recusal or abstention, if stated; and

(iii) information on the position information that was reviewed for each member of the relevant deliberating body.

Books and Records

212. Books and Records

The Exchange shall keep adequate books of account of the Exchange on a cash or accrual basis to the extent permitted by the Internal Revenue Code, as amended from time to time, and in accordance with U.S. generally accepted accounting principles, as the Chief Financial Officer shall determine, wherein shall be recorded all contributions to the capital of the Exchange, and all income, distributions, expenses, and transactions of the Exchange. The Exchange also shall maintain as a part of the books and records of the Exchange a list of the names and addresses of the Owners. The Exchange’s books of account, along with the Exchange’s federal, state, local and foreign income tax returns for

each of the six preceding taxable years of the Exchange, shall be kept at the principal office of the Exchange.

Regulatory Cooperation

213. Regulatory Cooperation

The Exchange may from time to time enter into such agreements with domestic or foreign self-regulatory organizations, associations, boards of trade and their respective regulators providing for the exchange of information and other forms of mutual assistance for financial surveillance, routine audits, market surveillance, investigative, enforcement and other regulatory purposes as the Exchange may consider necessary or appropriate or as the Commission may require.

CHAPTER 3
MEMBERSHIP AND ACCESS PRIVILEGES

Classes of Interest

301. Owners

All equity interests in the Exchange shall be held solely by the Owners, and all voting rights related to such interests shall be exercised solely by the Owners as described in Chapter 2. The Owners shall have Access Privileges only pursuant to, and to the extent provided in, Rules 302, 303 and 304.

302. Clearing Members

(a) Each Clearing Member shall have Access Privileges with respect to its proprietary Orders and Customer Orders.

(b) Any Related Party authorized by a Clearing Member may enter Orders (with or without discretion) for a proprietary account of such Clearing Member. Any Related Party handling Customer Orders must be registered if and as required by Applicable Law.

(c) Clearing Members are responsible to establish, maintain and administer reasonable supervisory procedures to ensure that their Related Parties comply with Applicable Law, the Rules of the Exchange and the Rules of the Clearing Corporation.

303. Exchange Members

(a) Each Exchange Member shall have Access Privileges with respect to its personal or proprietary Orders and, if such Exchange Member is registered in any required capacity (if so required), Customer Orders.

(b) Any Related Parties authorized by an Exchange Member may enter Orders (with or without discretion) for a personal or proprietary account of such Exchange Member. Any Related Party handling Customer Orders, if applicable, must be registered if and as required by Applicable Law.

(c) Exchange Members are responsible to establish, maintain and administer reasonable supervisory procedures to ensure that their Related Parties comply with Applicable Law, the Rules of the Exchange and the Rules of the Clearing Corporation.

(d) Each Exchange Member that is not a Clearing Member must be guaranteed by a Clearing Member in such form as the Exchange may from time to time prescribe.

304. Access Persons

(a) Each Clearing Member may from time to time permit one or more of its Customers to act as Access Persons. Each Access Person shall have Access Privileges with respect to its personal or proprietary Orders and, if such Access Person is registered in any required capacity (if so required), Customer Orders.

(b) With respect to each Access Person, the relevant Clearing Member shall:

(i) guarantee and assume financial responsibility for all activity related to the OneChicago Workstation or OneChicago Workstations used by such Access Person and any account identifier and password assigned to such Access Person;

(ii) assist the Exchange in any investigation relating to an alleged violation of Applicable Law, Rules of the Exchange or Rules of the Clearing Corporation by such Access Person, which assistance shall be timely and shall include using reasonable efforts to require such Access Person to produce documents, answer questions by the Exchange or appear in connection with such investigation; and

(iii) on its own initiative or at the request of (and within the time frame specified by) the Exchange, suspend or terminate such Access Person's Access Privileges if such Clearing Member or the Exchange determines that any activity related to such Access Person's use of its OneChicago Workstation or OneChicago Workstations threatens the integrity or liquidity of any Contract or violates Applicable Law, Rules of the Exchange or Rules of the Clearing Corporation, or if such Access Person fails to cooperate in any investigation.

Dues, Assessments and Fees**305. Dues, Assessments and Fees**

(a) The Exchange shall have the sole power to set the dates and amounts of any dues, assessments or fees to be levied on Clearing Members or Exchange Members, which dues, assessments or fees shall be paid to the Exchange when due.

(b) All Persons with B-1, B-2 or B-3 trading privileges on the CME, Persons with full member trading rights or option trading permits (until such permits expire) on the CBOE and Persons with full or associate member trading privileges on the CBoT shall be subject to the same fee structure, which may vary by Contract or be subject to differentiation on the basis of whether such Persons enjoy market maker status, Clearing Member status or any other similar designation; *provided* that no such designation may be based upon the identity of

the Owner from which such Persons derive their Exchange Member status. All Persons with B-4 trading privileges on the CME and Persons holding COM, GIM or IDEM trading privileges on the CBoT shall be subject to the same fee structure, which need not be the same structure applying to the Persons referred to in the first sentence of this paragraph (b) and which may vary by Contract or be subject to differentiation on the basis of whether such Persons enjoy market maker status, Clearing Member status or any other similar designation; *provided* that no such designation may be based upon the identity of the Owner from which such Persons derive their Exchange Member status. The Board may modify the fee structure from time to time as it sees fit; *provided* that any such modification that would affect the relative treatment of the Persons referred to in the first sentence of this paragraph (b) compared to the Persons referred to in the second sentence of this paragraph (b) shall require the prior written consent of CBOE, CME and CBoT.

(c) If a Clearing Member or Exchange Member fails to pay when due any Exchange dues, assessments or fees levied on such Clearing Member or Exchange Member and such payment obligation remains unsatisfied for six consecutive months after its due date, the Exchange may suspend, revoke, limit, condition, restrict or qualify the Access Privileges of such Clearing Member (including any or all of the Access Persons that such Clearing Member has permitted to act as such) or Exchange Member as it deems necessary or appropriate.

Access Privileges

306. Limitations of Access Privileges

The Exchange may at any time revoke, suspend, limit, condition, restrict or qualify the Access Privileges of any Clearing Member, Exchange Member or Access Person if, in the sole discretion of the Exchange, such action is in the best interest of the Exchange.

A Clearing Member may at any time revoke the authorization of any Exchange Member or Access Person guaranteed by it, with or without prior notice to such Exchange Member or Access Person. Prior to or concurrently with any such revocation, the relevant Clearing Member shall give notice thereof to the Exchange. Upon any such revocation, the Access Privileges of the Exchange Member or Access Person subject thereto shall be automatically terminated, and such Access Person must obtain another guarantee from a Clearing Member before its Access Privileges will be reinstated.

307. Application of Rules and Jurisdiction

(a) By accessing, or entering any Order into, the OneChicago System, and without any need for any further action, undertaking or agreement, a Clearing Member, Exchange Member or Access Person agrees (i) to be bound by, and

comply with, the Rules of the Exchange, the Rules of the Clearing Corporation and Applicable Law, in each case to the extent applicable to it, and (ii) to become subject to the jurisdiction of the Exchange with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Clearing Member, Exchange Member or Access Person.

(b) Any Clearing Member, Exchange Member or Access Person whose Access Privileges are revoked or terminated, whether pursuant to Rule 306 or Chapter 7, shall remain bound by the Rules of the Exchange, the Rules of the Clearing Corporation and Applicable Law, in each case to the extent applicable to it, and subject to the jurisdiction of the Exchange with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Clearing Member, Exchange Member or Access Person prior to such revocation or termination.

Exchange Communications

308. Recording of Conversations

The Exchange may record conversations between officers, employees or agents of the Exchange, on one hand, and Clearing Members or Exchange Members (including their respective Related Parties) or Access Persons, on the other hand. Any such recordings may be retained by the Exchange in such manner and for such periods of time as the Exchange may deem necessary or appropriate.

309. Notices

The Exchange shall publish a notice with respect to each addition to, or modification of, the Rules of the Exchange, in a form and manner that is reasonably designed to enable each Clearing Member and Exchange Member to become aware of and familiar with, and to implement any necessary preparatory measures to be taken by it with respect to, such addition or modification, prior to the effective date thereof; *provided* that any failure of the Exchange to so publish a notice shall not affect the effectiveness of the addition or modification in question. Each Clearing Member shall provide its respective Access Persons with copies of any such notice. For purposes of publication in accordance with the first sentence of this Rule 309, it shall be sufficient (without limiting the discretion of the Exchange as to any other reasonable means of communication) if a notice is (a) sent to each Clearing Member and Exchange Member by mail, recognized courier service, facsimile or electronic mail (including by means of a hyperlink included in an electronic mail message), to the address, facsimile number or electronic mail address (as applicable) provided by such Clearing Member or Exchange Member for such purpose and (b) published on the Exchange's website.

CHAPTER 4 TRADING PROCEDURES AND STANDARDS

General

401. Contracts Traded on the Exchange

The Exchange shall determine which Contracts are available for trading subject to the Rules of the Exchange from time to time, and approve rules containing the specifications for such Contracts; *provided* that certifications or applications with respect to such rules shall be submitted to the Commission as required by the CEA and the Commission Regulations thereunder.

402. Trading Hours

(a) The Exchange shall from time to time determine (i) on which days the Exchange shall be regularly open for business in any Contract (“Business Days”) and (ii) during which hours trading in any Contract may regularly be conducted on such days (“Trading Hours”). No Clearing Member, Exchange Member or Access Person shall make any bid or offer for, or engage in any transaction in, any Contract before or after such hours.

(b) The Exchange may from time to time adopt procedures for the opening or closing of trading in any Contract.

Entry and Execution of Orders

403. Order Entry

(a) All Orders shall be entered into the OneChicago System by electronic transmission through a OneChicago Workstation, and the Exchange shall maintain an electronic record of those entries. Each Clearing Member and Exchange Member shall be responsible in every respect for any and all Orders entered by it (including its employees) and for compliance by its Related Parties with this Rule 403; in addition, each Clearing Member shall be responsible in every respect for any and all Orders entered by any and all Access Persons that it has permitted to act as such, and for compliance by such Access Persons with this Rule 403. Prior to entering any Order, the relevant employee or Access Person shall sign onto the OneChicago System by inputting the user identification assigned for such purpose by the Exchange. Each Order must contain the following information: (i) whether such Order is a buy or sell Order; (ii) Order type; (iii) commodity; (iv) contract month; (v) price; (vi) quantity; (vii) account type; (viii) account designation (the number assigned by a Clearing Member to each of its accounts); and (ix) such additional information as may be prescribed from time to time by the Exchange.

(b) With respect to Orders received by any Clearing Member or, if applicable, Exchange Member or Access Person, which are immediately entered into the OneChicago System, no record needs to be kept by such Clearing Member, Exchange Member or Access Person, except as may be required by Applicable Law. However, if any Clearing Member or, if applicable, Exchange Member or Access Person receives Orders which cannot be immediately entered into the OneChicago System, such Clearing Member, Exchange Member or Access Person, must prepare an order form in a non-alterable written medium, which shall be time-stamped and include the account designation, date, and other required information. Each such form must be retained by such Clearing Member, Exchange Member or Access Person for at least five years from the time it is prepared. Any such Orders must be entered into the OneChicago System, in the order they were received, as soon as they can be entered into the OneChicago System.

404. Acceptable Orders

At the discretion of the Exchange, any of the following types of Orders, as well as any other types that may be approved from time to time, may be entered into the OneChicago System with respect to any Contract:

(a) *Market Order*. A “Market Order” is an order to buy or sell a stated number of Contracts at the best price available in the market.

(b) *Limit Order*. A “Limit Order” is an order to buy or sell a stated number of Contracts at a specified price, or at a better price.

(c) *Cancel Order*. A “Cancel Order” is an order that cancels fully an existing buy or sell order.

(d) *Cancel Replace Order*. A “Cancel Replace Order” is an order to cancel fully an existing buy or sell order and replace it with a new order for a different quantity or price.

(e) *Day Order*. A “Day Order” is an order for any Contract that, unless executed, remains in the OneChicago System until the end of the Business Day for such Contract on which it is entered.

(f) *Good-’til-Canceled Order*. A “Good-’til-Canceled Order” is an order that, unless executed, remains in the OneChicago System until it is withdrawn by the Clearing Member, Exchange Member or Access Person who placed it or the Expiration Date of the Contract to which it relates, whichever occurs first.

(g) *Spread Order*. A “Spread Order” is an order to buy a stated number of Contracts and to sell the same number of other Contracts, in a form accommodated by the OneChicago System.

(h) *Contingency Orders.* A “Contingency Order” is a Market Order or Limit Order to buy or sell a stated number of Contracts that is contingent upon a condition being satisfied while the order remains in the OneChicago System.

(i) *All or None Order.* An “All or None Order” is an order which is to be executed in its entirety at its limit price.

(ii) *Fill or Kill Order.* A “Fill or Kill Order” is an order which is automatically cancelled unless executed in its entirety within a short period of time after its receipt.

(iii) *Immediate or Cancel Order.* An “Immediate or Cancel Order” is a Market Order or Limit Order which is automatically cancelled unless executed in whole or in part within five seconds after its receipt.

(iv) *Stop Order.* A “Stop Order” is an order to buy or sell when the market for a particular Contract reaches a specified price. A Stop Order to buy becomes a Market Order when the relevant Contract trades or is bid at or above the stop price. A Stop Order to sell becomes a Market Order when the relevant Contract trades or is offered at or below the stop price.

(v) *Stop Limit Order.* A “Stop Limit Order” is an order to buy or sell when the market for a particular Contract reaches a specified price. A Stop Limit Order to buy becomes a Limit Order when the relevant Contract trades or is bid at or above the stop limit price. A Stop Limit Order to sell becomes a Limit Order when the relevant Contract trades or is offered at or below the stop limit price.

405. Modification and Cancellation of Orders

Any Order that has been entered into the OneChicago System may be modified or cancelled unless and until it has been executed. Any such modification or cancellation requires that a Cancel Replace Order or Cancel Order with respect to the original Order be entered into the OneChicago System.

406. Execution of Orders by OneChicago System

(a) *General.* At the discretion of the Exchange, any of the following base allocation methods shall apply to the execution of Orders (other than Spread Orders) for any Contract by the OneChicago System:

(i) *Price-Time Priority.* Under this method, Orders for any Contract are prioritized according to price and time. If at any time there are two or more such Orders at the best price then available, such Orders are executed in the order in which they were received by the OneChicago System.

(ii) *Combined Price-Time and Size Priority.* Under this method, Orders for any Contract are prioritized according to price. If at any time there are two or more such Orders at the best price then available, the executable quantity of Contracts is allocated to such Orders on a *pro rata* basis, taking into account the relative sizes of such Orders; *provided* that if such *pro rata* method would result in a fraction of a Contract being allocated to any Order, such fraction shall be rounded up (if such fraction is equal to or greater than one-half) or down (if such fraction is less than one-half); *provided, further*, that if rounding in accordance with the immediately preceding proviso would result in a number of Contracts in excess of the executable quantity, the quantity allocated to the Order that was last received by the OneChicago System shall be reduced accordingly.

(b) *Priority Overlays.* In addition to the base allocation methods set forth in paragraph (a) above, the Exchange may determine that any or all of the following priority overlays shall apply, in a sequence determined by the Exchange, to the execution of Orders (other than Spread Orders) for any Contract by the OneChicago System:

(i) *Public Customer Priority.* If this priority overlay is in effect with respect to any Contract, the highest bid and lowest offer available at any time shall have priority, except that Orders placed by or on behalf of public Customers shall have priority over Orders at the same price placed by or on behalf of non-public Customers. If there are two or more Orders placed by or on behalf of public Customers at the same price, such Orders shall be executed in the order in which they were received by the OneChicago System, even if combined price-time and size priority is the chosen base allocation method.

(ii) *Market Improver Priority.* If this priority overlay is in effect with respect to any Contract, each Market Improver shall have priority at the highest bid or lowest offer made by it. At any given price, such priority shall remain with the Market Improver for such price. For example, if the market first moves in the same direction as an Order previously placed by a Market Improver, and then moves back to the price previously bid or offered by such Market Improver, then such Market Improver retains its priority at such price.

(iii) *Trade Participation Right Priority.* Certain market makers may be granted trade participation rights in accordance with any program adopted pursuant to Rule 514, which rights may provide for priority of Orders placed, or quotes made, by such market makers over other Orders or quotes, up to the applicable participation right percentage. In granting trade participation rights to such market makers, the following principles shall be followed:

(A) The Order placed or quote made by the market maker must be at the best available price.

(B) The market maker may not be allocated a total quantity of Contracts that would be greater than the quantity for which such market maker placed Orders or made quotes at that price. Additionally, the market maker may not be allocated a total quantity of Contracts that would represent a greater percentage than such market maker's percentage of the total size at the best price before the trade participation right was applied.

(C) If both the trade participation right priority and the Market Improver priority are in effect and the market maker is the Market Improver for the relevant price, the market improver priority shall not be applicable.

(D) In determining the parties to a particular trade, a market maker's trade participation right shall be applied against such market maker's bids or offers in accordance with their relative priority.

(c) *Particular Order Types.* Notwithstanding the general principles described in paragraphs (a) and (b) above, the following shall apply with respect to each of the Order types hereinafter referred to:

(i) *Market Orders and Limit Orders.* Except as otherwise provided in the rules governing a particular Contract, Market Orders are generally afforded execution priority over Limit Orders for such Contract at the same price and on the same side of the market.

(ii) *Cancel Replace Orders.* The modification of an existing Order by means of a Cancel Replace Order affects the priority position of the existing Order, as follows:

(A) If the price of the existing Order is modified, such Cancel Replace Order is placed in priority position behind all Orders of the same type at the same price;

(B) If the quantity of the existing Order is decreased, such Cancel Replace Order is placed in the same priority position as the existing Order; and

(C) If the quantity of the existing Order is increased, such Cancel Replace Order is placed in priority position behind all Orders of the same type at the same price.

(iii) *Contingency Orders*. Regardless of the priority method in place for a particular Contract, all types of Contingency Orders are placed last in priority behind all other Orders for such Contract, irrespective of when they are entered into the OneChicago System. Accordingly, a Contingency Order that was entered before a Limit Order for the same Contract at the same price is treated as if it were entered after such Limit Order. If priority for Orders placed by Clearing Members or, if applicable, Exchange Members or Access Persons on behalf of Customers is afforded with respect to a particular Contract, Contingency Orders placed on behalf of Customers have priority over other Contingency Orders, but are placed behind all other Orders, for such Contract.

(d) *Spread Orders*. Spread Orders are not subject to the procedures set forth in this Rule 406, but shall be executed in accordance with procedures adopted by the Exchange pursuant to Rule 408.

(e) *Bunched Orders*. Subject to compliance with Rule 605 and the sales practice rules referred to therein, each Clearing Member or, if applicable, Exchange Member or Access Person may enter, or permit its Related Parties to enter (as applicable), a bunched Order for more than one discretionary Customer account into the OneChicago System by using a designation specific to the allocation group and account controller rather than including each of the individual account numbers in such Order, provided such Clearing Member, Exchange Member or Access Person has filed or is filing an allocation scheme for such Order in advance of or contemporaneously with such Order in accordance with applicable NFA requirements.

407. Market and Limit Order Processing

The Exchange may from time to time adopt procedures specifying under what conditions and how Market Orders or Limit Orders will be processed by the OneChicago System.

408. Processing of Spread Orders

The Exchange may from time to time adopt procedures specifying the types of Spread Orders and how Spread Orders will be processed by the OneChicago System

409. Crossing Orders

The Exchange may from time to time adopt procedures to facilitate the crossing of Orders through the OneChicago System.

410. Market Data; Execution Acknowledgments

The Exchange will make information regarding completed trades, Orders (including prices bid or offered) and any other matters it may deem appropriate available to Clearing Members, Exchange Members, Access Persons and other Persons at such times and in such manner (whether through the OneChicago System, a ticker, financial information services, or otherwise) as the Exchange may consider necessary or appropriate from time to time. Each Clearing Member, Exchange Member and Access Person receiving any such information through the OneChicago System may redistribute such information only to such extent and in such manner as may be permitted by the Board from time to time. Employees and agents of the Exchange shall have access to the offices of any Clearing Member, Exchange Member or Access Person during regular business hours in order to observe the compliance by such Clearing Member, Exchange Member (including in each case its Related Parties) or Access Person with the immediately preceding sentence.

An acknowledgment of each executed Order will be forwarded to the parties on each side of the trade resulting from such Order.

411. Requirements for Average Price System Transactions

A Clearing Member, Exchange Member or Access Person that is a registered futures commission merchant receiving multiple execution prices on an Order or series of Orders for any Contract may use an Average Price System to calculate and confirm to any Customer an average price for such Contract, provided all of the following requirements are satisfied:

(a) Such Customer shall have requested such Clearing Member, Exchange Member or Access Person to use an Average Price System;

(b) Each individual transaction with respect to such Contract shall be submitted to, and cleared by, the Clearing Corporation at the price at which it was executed;

(c) Such Clearing Member, Exchange Member or Access Person shall compute the weighted mathematical average price by (i) multiplying the number of Contracts purchased or sold at each execution price by that price, (ii) adding the results of together and (iii) dividing the sum by the total number of Contracts purchased or sold; *provided* that for any series of Orders, the average price may be computed based on the average price of each Order in that series; *provided, further,* that a Clearing Member, Exchange Member or Access Person may confirm to its Customer either the actual average price or an average price rounded up (in the case of a buy Order) or down (in the case of a sell Order) to the closest minimum price fluctuation; *provided, further,* if the average price computation yields an amount that cannot be expressed in whole one-cent increments, any amount that is less than one cent may be retained by the Clearing Member, Exchange Member or Access Person;

(d) Such Clearing Member, Exchange Member or Access Person shall (i) possess records to support the computations described in paragraph (c) above and the allocations to Customer accounts, (ii) maintain such records in accordance with applicable Commission Regulations and (iii) make such records available for inspection by affected Customers upon request;

(e) Each Order shall be for the same account or group of accounts and for the same commodity and expiration month;

(f) Such Clearing Member, Exchange Member or Access Person shall ensure that prices for transactions for any of its proprietary accounts are not averaged with prices for transactions executed on behalf of Customers;

(g) Such Customer shall have received appropriate disclosure regarding the method used to calculate the average price; and

(h) Such Clearing Member, Exchange Member or Access Person shall identify each transaction for which the execution price is computed pursuant to an Average Price System on each confirmation statement and monthly statement on which such transaction is reported to the Customer.

412. Application and Closing Out of Offsetting Positions

Each Clearing Member, Exchange Member and Access Person that is registered with the Commission as a futures commission merchant must comply with the provisions of Commission Regulation § 1.46.

413. Errors of Clearing Members

(a) If a Clearing Member or, if applicable, Exchange Member or Access Person discovers an error in the handling of an Order for a Customer after the relevant trade is completed, and the Order cannot be executed in the market at a price which is better than or equal to that at which the Order should have been executed, such Clearing Member, Exchange Member or Access Person shall do one or more of the following:

(i) Execute the Order in the market and adjust the Customer's trade price appropriately such that the Customer effectively receives a price that is equal to or better than the price at which its Order should have been executed; or

(ii) Notwithstanding any other provision of the Rules of the Exchange to the contrary, execute a spread transaction in the market where one leg is for such Customer's account and the other leg is for the account of such Clearing Member, Exchange Member or Access Person; *provided* that, as a result of such spread transaction, the Customer shall receive a

price equal to or better than the price at which its Order should have been executed. Any such spread transaction must be reported to the Exchange.

Any violation of this Rule 413 for the purpose of taking advantage of an Order or Orders shall constitute conduct which is inconsistent with just and equitable principles of trade.

(b) This Rule 413 shall not be construed to contravene any instructions received by a Clearing Member or, if applicable, Exchange Member or Access Person from a Customer with respect to any Order prior to its execution, but shall be construed to permit execution of Orders under the conditions described in paragraph (a) above, without prior instructions from a Customer.

Position Limits and Price Limits

414. Position Limits

(a) Position limits shall be as established by the Exchange from time to time. Such position limits may be specific to a particular Contract or delivery month or may be established on an aggregate basis among Contracts or delivery months. Except as specified in paragraph (b) below, no Clearing Member, Exchange Member or Access Person shall control, or trade in, any number of Contracts that exceed any position limits so established by the Exchange. Except as specified in paragraph (b) below, no Clearing Member, Exchange Member or Access Person shall be permitted to enter into any transaction on the Exchange that would cause such Clearing Member, Exchange Member or Access Person to exceed any position limits.

(b) Upon application to the Exchange in accordance with paragraph (c) below, qualified hedge transactions shall automatically be exempt from the position limits. For purposes of this Rule 414, the term “qualified hedge transaction” shall include any transaction or position in a particular Contract that represents a substitute for transactions to be made or positions to be taken at a later time in the commodity underlying such Contract, provided the transaction entered into or position taken on the Exchange is economically appropriate to reduce risks arising from:

(i) any potential change in the value of assets that a Person owns, produces, manufactures, processes or merchandises or anticipates owning, producing, manufacturing, processing or merchandising;

(ii) any potential change in the amount of liabilities that a Person owes or anticipates incurring;

(iii) any potential change in the value of services that a Person provides, purchases or anticipates providing or purchasing; or

(iv) any other good cause shown, as determined by the Exchange in its sole discretion.

(c) Any application for an exemption from position limits for hedging purposes must be made by the Clearing Member, Exchange Member or Access Person wishing to enter into the transaction or wishing to take the position at issue, to the Exchange in such form as the Exchange may from time to time prescribe. Without limiting the generality of the foregoing, any such application must include the following:

(i) A representation that such transaction or position constitutes a qualified hedge transaction;

(ii) A representation that such transaction or position is necessary or advisable as an integral part of the business of such Clearing Member, Exchange Member or Access Person, which representation shall also include a description of such business;

(iii) A representation that such Clearing Member, Exchange Member or Access Person has complied with any applicable federal requirement relating to hedging transactions and has obtained any necessary approvals from the Commission;

(iv) A schedule of the maximum number of Contracts, long and short, that such Clearing Member, Exchange Member or Access Person intends to enter into for hedging purposes;

(v) An agreement that such Clearing Member, Exchange Member or Access Person will comply with any additional limits on its trading as the Exchange may from time to time impose; and

(vi) An agreement by such Clearing Member, Exchange Member or Access Person to promptly submit a supplemental statement explaining any change in circumstances that may affect the nature of its positions.

(d) In determining whether any Clearing Member, Exchange Member or Access Person has exceeded the position limits established by the Exchange, all positions in accounts for which such Clearing Member, Exchange Member or Access Person, by power of attorney or otherwise, directly or indirectly controls trading (whether on a proprietary basis or on behalf of Customers) shall be included. Position limits shall apply to positions held by two or more Clearing Members, Exchange Members or Access Persons acting pursuant to an express or implied agreement or understanding in the same manner as if such positions were held by a single Person.

(e) The Exchange shall have the authority to review and rescind any exemption granted by it pursuant to paragraph (c) above at any time in its sole discretion.

(f) For purposes of paragraph (d) above, “control” exists when the Clearing Member, Exchange Member or Access Person in question makes investment decisions for the account or accounts in question or materially influences, directly or indirectly, the actions of any Person who makes such investment decisions. In addition, “control” will be presumed to exist in the following circumstances:

(i) Among all parties to a joint account who have authority to act on behalf of such account;

(ii) Among all general partners to a partnership account;

(iii) If a Person (A) holds an ownership interest of 10 percent or more in the Person holding the account or accounts in question, or (B) shares in 10 percent or more of the profits or losses related to such account or accounts;

(iv) If the Persons holding the account or accounts in question have common directors or management; or

(v) If a Person has the authority to execute transactions in the account or accounts in question.

Any presumption of control on the basis of the foregoing circumstances can be rebutted by proving that such circumstances do not exist or by showing other circumstances which negate the presumption of control. Initial determinations of “control” shall be made by the Division and may be reviewed by the Chief Executive Officer, or his or her designee, based upon a report by the Division.

415. Price Limits; Final Settlement Prices

(a) The rules governing a particular Contract shall contain any price limits that apply to trading in such Contract.

(b) In the case of any Contract that is a cash-settled security futures product (as such term is defined in Section 1a(32) of the CEA), the rules governing such Contract shall establish principles for the determination of final settlement prices that are consistent with Commission Regulation § 41.25(b).

Off-Exchange Transactions**416. Exchange of Future for Physical**

(a) A *bona fide* Exchange of Future for Physical may be entered into with respect to any Contract in accordance with the applicable trading increments set forth in the rules governing such Contract, at a price mutually agreed upon by the parties to such transaction. Each Exchange of Future for Physical must contain the following three essential elements:

(i) A Futures transaction and a transaction in the underlying security that are integrally related;

(ii) An exchange of Futures for the underlying security where the Futures provide for the transfer of ownership of such security to the cash buyer upon performance of the terms of such Futures, with delivery to take place within a reasonable time thereafter, in accordance with prevailing cash market practice; and

(iii) Separate parties, such that the accounts involved on each side of the Exchange of Future for Physical have different beneficial ownership or are under separate control.

(b) In every Exchange of Future for Physical, one party must be the buyer of the security and the seller of the corresponding Futures and the other party must be the seller of the security and the buyer of the corresponding Futures. Further, the quantity of the security traded in an Exchange of Future for Physical must be equivalent to the quantity of the security represented by the Futures portion of the transaction.

(c) The trading day for Exchange of Future for Physical transactions with respect to any Contract shall be as set forth in the rules governing such Contract.

(d) Each Exchange of Future for Physical shall be designated as such, and cleared through the Clearing Corporation as if it were a transaction executed through the OneChicago System.

(e) Each Clearing Member or Exchange Member involved in any Exchange of Future for Physical shall maintain records evidencing compliance with the criteria set forth in this Rule 416. Upon request, each such Clearing Member or Exchange Member shall provide documentation evidencing the underlying cash transaction to the Exchange.

417. Block Trading

(a) Clearing Members, Exchange Members and Access Persons may enter into transactions outside the OneChicago System, at prices mutually agreed, with respect to Contracts that have been designated by the Exchange for such purpose, provided all of the following conditions are satisfied (such transactions, “Block Trades”):

(i) Each buy or sell order underlying a Block Trade must (A) state explicitly that it is to be, or may be, executed by means of a Block Trade and (B) be for at least such minimum number of Contracts as will from time to time be specified by the Exchange; *provided* that only (x) a commodity trading advisor registered under the CEA, (y) an investment adviser registered as such with the Securities and Exchange Commission that is exempt from regulation under the CEA and Commission Regulations thereunder and (z) any Person authorized to perform functions similar or equivalent to those of a commodity trading advisor in any jurisdiction outside the United States of America in which the Exchange may be permitted from time to time to operate OneChicago Workstations, in each case with total assets under management exceeding US\$25 million, may satisfy this requirement by aggregating orders for different accounts.

(ii) Each party to a Block Trade must qualify as an “eligible contract participant” (as such term is defined in Section 1a(12) of the CEA); *provided* that, if the Block Trade is entered into on behalf of a Customer by a Clearing Member or, if applicable, Exchange Member or Access Person that is (A) a commodity trading advisor registered under the Act, (B) an investment adviser registered as such with the Securities and Exchange Commission that is exempt from regulation under the Act and Commission Regulations thereunder or (C) any Person authorized to perform functions similar or equivalent to those of a commodity trading advisor in any jurisdiction outside the United States of America in which the Exchange may be permitted from time to time to operate OneChicago Workstations, in each case with total assets under management exceeding US\$25 million, then only such commodity trading advisor or investment adviser, but not the individual Customers, need to so qualify.

(b) Each party to a Block Trade shall comply with all applicable Rules of the Exchange other than those which by their terms only apply to trading through the OneChicago System.

(c) Each Block Trade shall be designated as such, and cleared through the Clearing Corporation as if it were a transaction executed through the OneChicago System. Information identifying the relevant Contract, contract month, price, quantity, time of execution, counterparty Clearing Member for each Block Trade and, if applicable, the underlying commodity must be reported to the Exchange promptly. The Exchange will publicize information identifying the trade as a Block Trade and identifying the relevant Contract, contract month, price, quantity for each Block Trade and, if applicable, the underlying commodity immediately after such information has been reported to the Exchange.

(d) Each Clearing Member, Exchange Member and Access Person that is party to a Block Trade shall record the following details on its order ticket: the Contract (including the delivery or expiry month) to which such Block Trade relates; the number of Contracts traded; the price of execution; the time of execution; the identity of the counterparty; and, if applicable, details regarding the Customer for which the Block Trade was executed and the underlying commodity. Upon request by the Exchange, such Clearing Member, Exchange Member or Access Person shall produce satisfactory evidence, including the order ticket referred to in the preceding sentence, that the Block Trade meets the requirements set forth in this Rule 417.

(e) No Clearing Member or Exchange Member that is a party to a Block Trade or has knowledge of a pending Block Trade, may enter an Order or execute a transaction, whether for its own account or for the account of a Customer, for or in the Contract to which such Block Trade relates until after (i) such Block Trade has been reported to and published by the Exchange and (ii) any additional time period from time to time prescribed by the Exchange in its block trading procedures or contract specifications has expired.

(f) No Clearing Member or Exchange Member that is a party to a block trade, or has knowledge of a pending block trade, on any other exchange or trading system, may enter an Order or execute a transaction on the Exchange for any Contract which has the same underlying security as the contract to which such block trade relates until after (i) such block trade is reported and published in accordance with the rules, procedures or contract specifications of such exchange or trading system and (ii) any additional time period prescribed by the Exchange in its block trading procedures or contract specifications has expired

(g) Any Block Trade in violation of these requirements shall constitute conduct which is inconsistent with just and equitable principles of trade.

Special Circumstances**418. Error Trades**

Any error trades shall be resolved in accordance with the policies and procedures from time to time adopted by the Exchange.

419. Regulatory Halts

(a) Trading in a Single Stock Future shall be halted at all times that a “regulatory halt” (as defined in Commission Regulation § 41.1(l)) has been instituted for the security underlying such Single Stock Future.

(b) Trading in a Stock Index Future shall be halted at all times that a “regulatory halt” (as defined in Commission Regulation § 41.1(l)) has been instituted for one or more of the securities that constitute 50% or more of the market capitalization of the “narrow-based security index” (as such term is defined in Section 1a(25) of the CEA) underlying such Stock Index Future.

420. Emergencies

(a) *General.* If the Chief Executive Officer, or any individual designated by the Chief Executive Officer and approved by the Board (or in the circumstances specified in Rule 707(b), the Business Conduct Committee), determines that an Emergency exists, the Chief Executive Officer, such designee or the Business Conduct Committee, as the case may be, may place into immediate effect a temporary emergency rule, which rule may remain in effect for up to 30 Business Days and which may provide for, or may authorize the Exchange, the Board or any committee thereof to undertake actions necessary or appropriate to respond to the Emergency, including such actions as:

- (i) limiting trading to liquidation only, in whole or in part;
- (ii) extending or shortening, as applicable, the Expiration Date or Expiration Month of any Contract;
- (iii) extending the time of delivery, changing delivery points or the means of delivery provided in the rules governing any Contract;
- (iv) imposing or modifying position or price limits with respect to any Contract;
- (v) ordering the liquidation of Contracts, the fixing of a settlement price or any reduction in positions;
- (vi) ordering the transfer of Contracts, and the money, securities, and property securing such Contracts, held on behalf of

Customers by any Clearing Member to one or more other Clearing Members willing to assume such Contracts or obligated to do so;

(vii) extending, limiting or changing hours of trading;

(viii) suspending or curtailing trading in any or all Contracts or modifying circuit breakers; or

(ix) requiring Clearing Members, Exchange Members, Access Persons or Customers to meet special margin requirements; or

(x) modifying or suspending any provision of the Rules of the Exchange or the Rules of the Clearing Corporation.

Any such rule placed into effect in accordance with the preceding sentence shall be reviewed by the Board as soon as practicable under the circumstances, and may be revoked, suspended or modified by the Board.

(b) *Physical Emergency.* If, in the judgment of the Chief Executive Officer, or any individual designated by the Chief Executive Officer and approved by the Board, the physical functions of the Exchange are, or are threatened to be, severely and adversely affected by a physical emergency (such as a fire or other casualty, bomb threats, substantial inclement weather, power failures, communications breakdowns, computer system breakdowns, screen-based trading system breakdowns or transportation breakdowns), such Person may take any action that he or she may deem necessary or appropriate to respond to such physical emergency, including closing the Exchange, delaying the opening of trading in one or more Contracts or suspending trading in or extending trading hours for one or more Contracts. In the event that any action has been taken pursuant to the immediately preceding sentence, any Person who is authorized to take such action may order the removal of any restriction previously imposed pursuant to such sentence, upon a determination by such Person that the physical emergency that gave rise to such restriction has sufficiently abated to permit the physical functions of the Exchange to continue in an orderly manner; *provided* that any order pursuant to this sentence shall be subject to review, modification or reversal by the Board.

(c) *Notification and Recording.* The Exchange will notify the Commission of any action taken, or proposed to be taken, pursuant to this Rule 420 in accordance with Commission Regulation § 40.6. The decision-making process with respect to, and the reasons for, any such action will be recorded in writing.

(d) *Conflicts of Interest.* The conflict of interest provisions set forth in Rule 211(b) and the related documentation requirements set forth in Rule 211(c) shall apply, *mutatis mutandis*, to the taking of any action under this Rule 420 by the Chief Executive Officer, or his or her designee.

Limitation of Liability**421. Limitation of Liability; No Warranties**

(a) EXCEPT AS PROVIDED BELOW, NONE OF THE EXCHANGE, ITS AFFILIATES AND THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, CONSULTANTS, LICENSORS, VENDORS, OWNERS, CLEARING MEMBERS AND EXCHANGE MEMBERS SHALL BE LIABLE TO ANY PERSON FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES (INCLUDING LOSS OF PROFITS, LOSS OF USE, AND DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES), ARISING FROM:

(i) ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE ONECHICAGO SYSTEM, OR ANY EXCHANGE SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEM AND SERVICES;

(ii) WITHOUT LIMITING THE GENERALITY OF CLAUSE (i) ABOVE, ANY FAILURE OR MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION OR TERMINATION OF THE ONECHICAGO SYSTEM, ANY EXCHANGE SERVICE OR FACILITY CAUSED BY ANY THIRD PARTY, INCLUDING INDEPENDENT SOFTWARE VENDORS AND NETWORK PROVIDERS;

(iii) ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY THE EXCHANGE, THE ONECHICAGO SYSTEM, OR ANY EXCHANGE SERVICE OR FACILITY;

(iv) ANY UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF THE ONECHICAGO SYSTEM, OR ANY EXCHANGE SERVICE OR FACILITY BY ANY PERSON; OR

(v) ANY ACTION TAKEN OR OMITTED TO BE TAKEN IN RESPECT OF THE BUSINESS OF THE EXCHANGE.

THE FOREGOING LIMITATION OF LIABILITY SHALL APPLY IRRESPECTIVE OF WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, CONTRIBUTION OR OTHERWISE AND WHETHER A CLAIM IS BROUGHT DIRECTLY OR AS A THIRD-PARTY CLAIM.

THE FOREGOING LIMITATION OF LIABILITY SHALL BE SUBJECT TO THE CEA AND COMMISSION REGULATIONS. NOTWITHSTANDING ANYTHING IN THIS PARAGRAPH (a) TO THE CONTRARY, A PARTY WHO HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN WILLFUL OR WANTON MISCONDUCT MAY NOT AVAIL ITSELF OF THE PROTECTIONS AFFORDED HEREBY.

(b) THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS BY ANY OF THE EXCHANGE, ITS AFFILIATES OR THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, CONSULTANTS, LICENSORS, VENDORS, OWNERS, CLEARING MEMBERS OR EXCHANGE MEMBERS RELATING TO THE ONECHICAGO SYSTEM, OR ANY EXCHANGE SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEM OR SERVICES, INCLUDING WARRANTIES OF MERCHANTABILITY OR WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE.

(c) ANY DISPUTE ARISING OUT OF THE USE OF THE ONECHICAGO SYSTEM, OR ANY EXCHANGE SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEM OR SERVICES, IN WHICH ANY OF THE EXCHANGE, ITS AFFILIATES OR THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, CONSULTANTS, LICENSORS, VENDORS, OWNERS, CLEARING MEMBERS OR EXCHANGE MEMBERS IS A PARTY SHALL BE ARBITRATED IN ACCORDANCE WITH THE RULES INCORPORATED BY REFERENCE INTO RULE 801. ANY OTHER ACTION, SUIT OR PROCEEDING AGAINST ANY OF THE AFOREMENTIONED PERSONS SHALL BE BROUGHT WITHIN TWO YEARS FROM THE TIME THAT A CAUSE OF ACTION FIRST AROSE. THIS PARAGRAPH (c) SHALL IN NO WAY BE CONSTRUED TO LIMIT ANY PARTY'S OBLIGATION TO ARBITRATE ITS CLAIM OR TO PROVE A CAUSE OF ACTION AND SHALL NOT AUTHORIZE ANY ACTION, SUIT OR PROCEEDING THAT WOULD OTHERWISE BE PROHIBITED BY THE RULES OF THE EXCHANGE. IF FOR ANY REASON A COURT OF COMPETENT JURISDICTION FINDS THAT ANY SUCH DISPUTE IS NOT ARBITRABLE, SUCH DISPUTE MAY ONLY BE LITIGATED IN THE COUNTY OF COOK IN THE STATE OF ILLINOIS AND SHALL BE GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS WITHOUT REGARD TO ANY PROVISIONS OF ILLINOIS LAW THAT WOULD APPLY THE SUBSTANTIVE LAW OF A DIFFERENT JURISDICTION.

(d) NOTWITHSTANDING ANYTHING IN PARAGRAPHS (a), (b), OR (c) ABOVE TO THE CONTRARY, IF THE NEGLIGENCE OF EXCHANGE PERSONNEL CAUSES A DIRECT, OUT-OF-POCKET LOSS TO ANY PERSON, THE EXCHANGE MAY, IN ITS SOLE DISCRETION, ASSUME RESPONSIBILITY FOR SUCH DIRECT LOSS, BUT ITS

RESULTING OBLIGATIONS SHALL NOT EXCEED, WITH RESPECT TO ALL PERSONS SUFFERING SUCH LOSSES IN THE AGGREGATE: \$100,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED ON A SINGLE DAY; \$200,000 FOR ALL LOSSES SUFFERED FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND \$1,000,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED IN A SINGLE CALENDAR YEAR. IF THE AGGREGATE AMOUNT OF ANY CLAIMS PURSUANT THIS PARAGRAPH (d) AT ANY TIME EXCEEDS ANY OF THE DOLLAR LIMITATIONS SET FORTH IN THE IMMEDIATELY PRECEDING SENTENCE, THE TOTAL AMOUNT THEN AVAILABLE SHALL BE ALLOCATED TO SUCH CLAIMS *PRO RATA*, BASED UPON THE RESPECTIVE AMOUNTS OF SUCH CLAIMS. ANY DISPUTED CLAIM PURSUANT TO THIS PARAGRAPH (d) SHALL BE ARBITRATED IN ACCORDANCE WITH THE RULES INCORPORATED BY REFERENCE INTO RULE 801.

CHAPTER 5
OBLIGATIONS OF CLEARING MEMBERS,
EXCHANGE MEMBERS AND ACCESS PERSONS

Recordkeeping

501. Books and Records

Each Clearing Member, Exchange Member and Access Person shall prepare and keep current all books, ledgers and other similar records required to be kept by it pursuant to the CEA, Commission Regulations, the Exchange Act, Exchange Act Regulations and the Rules of the Exchange, and shall prepare and keep current such other books and records and adopt such forms as the Exchange may from time to time prescribe. Such books and records shall be made available to the Exchange upon request.

502. Inspection and Delivery

Each Clearing Member, Exchange Member and Access Person shall keep all books and records required to be kept by it pursuant to the Rules of the Exchange for a period of five years from the date on which they are first prepared, unless otherwise provided in the Rules of the Exchange or required by law. Such books and records shall be readily accessible during the first two years of such five-year period. During such five-year period, all such books and records shall be made available for inspection by, and copies thereof shall be delivered to, the Exchange and its authorized representatives upon request.

Financial Requirements

503. Minimum Financial and Related Reporting Requirements

Each Clearing Member, Exchange Member and Access Person that is registered with any self-regulatory association shall comply with the provisions of Applicable Law relating to minimum financial and related reporting and recordkeeping requirements. A copy of any notice or written report that a Clearing Member or, if applicable, Exchange Member or Access Person is required to file with the Commission pursuant to Commission Regulation § 1.12 or with the Securities and Exchange Commission pursuant to Exchange Act Regulation § 17a-11 shall be concurrently provided to the Exchange. A Clearing Member or, if applicable, Exchange Member or Access Person that violates any of the aforementioned Commission Regulations or Exchange Act Regulations shall be deemed to have violated this Rule 503.

504. Authority to Impose Restrictions

Whenever a Clearing Member or, if applicable, Exchange Member or Access Person is subject to the early warning requirements set forth in Commission Regulation § 1.12 or Exchange Act Regulation § 17a-11, the Chief Executive Officer, or his or her designee, may impose such conditions or restrictions on the business and

operations of such Clearing Member, Exchange Member or Access Person as the Chief Executive Officer, or his or her designee, may deem necessary or appropriate for the protection of Customers, other Clearing Members, Exchange Members, Access Persons or the Exchange.

505. Treatment of Customer Funds and Securities

Each Clearing Member, Exchange Member or Access Person that is required to be registered with any self-regulatory association shall comply with the provisions of Applicable Law relating to the treatment of Customer funds and the maintenance of books and records with respect thereto. Any Clearing Member or, if applicable, Exchange Member or Access Person that violates any of the aforementioned Commission Regulations shall be deemed to have violated this Rule 505.

506. Additional Minimum Financial Requirements

(a) In addition to the minimum financial requirements that a Clearing Member or, if applicable, Exchange Member or Access Person that is registered with the NFA as a futures commission merchant or introducing broker must satisfy, each Clearing Member, Exchange Member or Access Person shall be required to satisfy such minimum financial requirements, and comply with such obligations related thereto, as may be established from time to time by the Exchange.

(b) A Clearing Member, Exchange Member or Access Person must notify the Chief Executive Officer, or his or her designee, immediately upon becoming aware that it fails to satisfy the minimum financial requirements applicable to it.

(c) Unless and until a Clearing Member, Exchange Member or Access Person is able to demonstrate to the Exchange that it is in compliance with the minimum financial requirements applicable to it, such Clearing Member, Exchange Member or Access Person may not engage in any transactions subject to the Rules of the Exchange, except for the purpose of closing open positions.

Customer Protection

507. Registration

(a) No Clearing Member or Exchange Member (including any Related Party of either) or Access Person may solicit or accept from any other Person an Order for the purchase or sale of any Contract, unless such Clearing Member, Exchange Member, Related Party or Access Person is registered in any required capacity in accordance with Applicable Law.

(b) Any Clearing Member, Exchange Member or Access Person that is required to be registered as a futures commission merchant, an introducing

broker, a broker or a dealer shall comply with the provisions of Commission Regulation § 41.42(a) or Exchange Act Regulation § 15c3-3, as applicable.

508. Confirmations

Each Clearing Member or, if applicable, Exchange Member or Access Person that enters into a trade on behalf of a Customer shall promptly furnish, or cause to be furnished, to such Customer, no later than the Business Day immediately following the day on which such trade is entered into, a written confirmation of such trade in such form as the Exchange may from time to time prescribe, indicating the Contract bought or sold, the price, quantity, time of execution and such other information as the Exchange may require.

509. Customer Statements

Each Clearing Member or, if applicable, Exchange Member or Access Person that enters into trades on behalf of Customers shall furnish, or cause to be furnished, as soon as practicable after the end of each month, a monthly statement of account to each of its Customers. Each such statement shall indicate, at a minimum, the Customer's initial balance, closing balance, commissions and fees incurred, income received and trades made.

510. Risk Disclosure Statement

Prior to opening an account for any Customer, a Clearing Member or, if applicable, Exchange Member or Access Person, shall provide such Customer with a written disclosure statement in the form approved by the Exchange for purposes of Commission Regulations § 1.55 and § 41.42(b) and any other disclosure statement from time to time required by the Exchange.

511. Fraudulent or Misleading Communications

No Clearing Member or, if applicable, Exchange Member or Access Person shall make any fraudulent or misleading communications relating to the purchase or sale of any Contract.

512. Responsibility for Customer Orders

(a) Clearing Members and, if applicable, Exchange Members and Access Persons handling Orders for Customers shall exercise due diligence in the handling and execution of such Orders. Failure to act with due diligence shall constitute negligence.

Clearing Members and, if applicable, Exchange Members and Access Persons are prohibited from directly or indirectly guaranteeing the execution of an Order or any of its terms (such as the quantity or price); *provided* that this sentence shall not be construed to prevent any Clearing Member or, if applicable,

Exchange Member or Access Person from assuming or sharing in any losses resulting from an error or the mishandling of an Order.

(b) A Clearing Member or, if applicable, Exchange Member or Access Person, shall not adjust the price at which an Order was executed or be held responsible for executing or failing to execute an Order unless such Clearing Member, Exchange Member or Access Person was negligent or is settling a *bona fide* dispute regarding negligence.

System Security

513. System Security

(a) Each Clearing Member and Exchange Member shall at all times have at least one employee or agent (the “Responsible Trader”) designated as its administrator with respect to the use of the OneChicago System by it (including its Related Parties) or, in the case of a Clearing Member only, the Access Persons that such Clearing Member has permitted to act as such. Each Responsible Trader must be approved in advance by the Exchange, based upon such qualification standards as may from time to time be set by the Exchange for such purpose. Among other things, each Responsible Trader shall (i) have full control over access to the OneChicago System by such Clearing Member, Exchange Member or, if applicable, Access Persons and (ii) be able to access, and, if required, modify and withdraw, any and all Orders placed, or purported to be placed, by such Clearing Member, Exchange Member or, if applicable, Access Persons. The Responsible Trader or Responsible Traders of any Clearing Member or Exchange Member shall also be solely responsible for any and all communications between the Exchange and such Clearing Member or Exchange Member and any and all notices or other communications sent to such Responsible Trader or Responsible Traders by the Exchange shall be binding on such Clearing Member or Exchange Member. Each Clearing Member and Exchange Member shall notify the Exchange promptly of any change regarding any of its Responsible Traders.

(b) Each Clearing Member and Exchange Member shall be solely responsible for controlling and monitoring the use of all user identification codes and passwords to access the OneChicago System (collectively, “Passwords”) issued to its Responsible Trader or Responsible Traders by the Exchange, shall provide the Passwords only to its employees or, in the case of a Clearing Member only, the Access Persons that such Clearing Member has permitted to act as such, and shall notify the Exchange promptly upon becoming aware of any unauthorized disclosure or use of the Passwords or access to the Exchange or of any other reason for deactivating Passwords. Each Clearing Member and Exchange Member shall be bound by any actions taken through the use of its Passwords (other than any such actions resulting from the fault or negligence of the Exchange), including the placing of Orders by any of its Related Parties or, in the case of a Clearing Member only, the Access Persons that such Clearing

Member has permitted to act as such, whether or not such actions were authorized by such Clearing Member or Exchange Member or any of its Related Parties.

(c) Each Clearing Member and Exchange Member shall be solely responsible for ensuring that the connection point for any OneChicago Workstation used by its employees or, in the case of a Clearing Member only, the Access Persons that such Clearing Member has permitted to act as such is in the United States, except as otherwise expressly permitted by the Exchange. To the extent necessary to ensure the operational integrity of the OneChicago System, the Exchange may at any time limit the locations of any or all OneChicago Workstations to specified locations, and each Clearing Member and Exchange Member shall ensure prompt compliance by its employees and, in the case of a Clearing Member only, the Access Persons that such Clearing Member has permitted to act as such with any such limitation.

Market Making

514. Market Maker Programs

The Exchange may from time to time adopt one or more programs under which one or more Clearing Members or Exchange Members may be designated as market makers with respect to one or more Contracts in order to provide liquidity and orderliness in the market or markets for such Contract or Contracts. Any such program may provide for any or all of the following:

- (a) qualifications, including any minimum net capital requirements, that any such market maker must satisfy;
- (b) the procedure by which Clearing Members or Exchange Members may seek and receive designation as market makers;
- (c) the obligations of such market makers, including any applicable minimum bid and offer commitments; and
- (d) the benefits accruing to such market makers, including priority in the execution of transactions effected by Clearing Members or Exchange Members in their capacity as market makers, reduced transaction fees or the receipt of compensatory payments from the Exchange.

Without limiting the generality of the foregoing, the Exchange may adopt a program under which one or more Clearing Members or Exchange Members may be designated as lead market makers, and as such, allocated certain numbers and types of Contracts with respect to which they are required to make two-sided markets.

Customer Margin Requirements**515. General Requirements; Offsetting Positions; Exclusion for Market Makers***

(a) *Scope of Rule.* This Rule 515 shall apply to positions resulting from transactions in Contracts executed on, or reported to, the Exchange. As used in this Rule 515, the term “Customer” does not include (i) any “exempted person” (as such term is defined in Commission Regulation § 41.43(a)(9)) and (ii) any Market Maker (as such term is defined in paragraph (m) below).

(b) *Margin Rate.* The Exchange will set and publish the initial and maintenance margin rates to be used in determining Exchange margin requirements; *provided* that in no case shall the required margin for any long or short position held by a Clearing Member or, if applicable, Exchange Member on behalf of a Customer be less than 20% of the current market value of the relevant Contract (or such other rate from time to time determined by the Commission and the Securities and Exchange Commission for purposes of Commission Regulation § 41.45(b)(1) and Rule 403(b)(1) under the Exchange Act) unless a lower margin level is available for such position pursuant to paragraph (l) below.

(c) *Acceptable Margin Deposits.*

(i) Clearing Members and, if applicable, Exchange Members may accept from their Customers as margin deposits of cash, margin securities (subject to the limitations set forth in the following sentence), exempted securities, any other assets permitted under Regulation T of the Board of Governors of the Federal Reserve System (as in effect from time to time) to satisfy a margin deficiency in a securities margin account, and any combination of the foregoing, each as valued in accordance with Commission Regulation § 41.46(c) and (e). Shares of a money market mutual fund may be accepted as a margin deposit from a Customer for purposes of this Rule 515 if: (i) such Customer waives any right to redeem such shares without the consent of the relevant Clearing Member or, if applicable, Exchange Member and instructs the fund or its transfer agent accordingly; (ii) such Clearing Member or, if applicable, Exchange Member (or the Clearing Corporation with which such shares are deposited as margin) obtains the right to redeem such shares in cash, promptly upon request; and (iii) such fund agrees to satisfy any conditions necessary or appropriate to ensure that such shares may be redeemed in cash, promptly upon request.

(ii) A Clearing Member or, if applicable, Exchange Member shall not accept as margin from any Customer securities that have been issued by such Customer or an Affiliate of such Customer unless such

* This rule is not yet in effect and is subject to regulatory approval.

Clearing Member or Exchange Member files a petition with and receives permission from the Exchange for such purpose.

(iii) All assets deposited by a Customer to meet margin requirements must be and remain unencumbered by third party claims against the depositing Customer.

(d) *Acceptance of Orders.* Clearing Members and, if applicable, Exchange Members may accept Orders for a particular Customer account only if sufficient margin is on deposit in such account or is forthcoming within a reasonable period of time. For a Customer account that has been subject to calls for margin for an unreasonable period of time, Clearing Members and, if applicable, Exchange Members may only accept Orders that, when executed, will reduce the margin requirements resulting from the existing positions in such account. Clearing Members and, if applicable, Exchange Members may not accept Orders for a Customer account that would liquidate to a deficit or that has a debit balance.

(e) *Margin Calls.* Clearing Members and, if applicable, Exchange Members must call for margin from a particular Customer:

(i) when the initial margin on deposit in such Customer's account falls below the applicable maintenance margin requirement; or

(ii) subsequently, when the margin on deposit in such Customer's account, together with any outstanding margin calls, is less than the applicable maintenance margin requirement.

Any such call must be made within one Business Day after the occurrence of the event giving rise to such call. Clearing Members and, if applicable, Exchange Members may call for additional margin at their discretion.

Clearing Members and, if applicable, Exchange Members shall reduce any call for margin only to the extent that margin deposits permitted under paragraph (c) above are received in the relevant account. Clearing Members and, if applicable, Exchange Members may withdraw any call for margin only if (i) margin deposits permitted under paragraph (c) above equal to or in excess of the deposits called are received in the relevant account or (ii) inter-day favorable market movements or the liquidation of positions result in the margin on deposit in the relevant account being equal to or greater than the applicable initial margin requirement. In the event of any such reduction or withdrawal, the oldest outstanding margin call shall be reduced or withdrawn first.

Clearing Members and, if applicable, Exchange Members, shall maintain written records of any and all margin calls issued, reduced or withdrawn by them.

(f) *Disbursements of Excess Margin.* Clearing Members and, if applicable, Exchange Members may only release margin on deposit in any account to the extent that such margin is in excess of the applicable margin requirement.

(g) *Loans to Customers.* Clearing Members and, if applicable, Exchange Members may not extend loans to Customers (i) for the purposes of evading or circumventing any requirement under this Rule 515 or (ii) in violation of Regulation T, U or X of the Board of Governors of the Federal Reserve System (each as in effect from time to time). The proceeds of any such loans must be treated in accordance with Commission Regulation § 1.30.

(h) *Aggregation of Accounts and Positions.* For purposes of determining margin requirements under this Rule 515, Clearing Members and, if applicable, Exchange Members shall aggregate accounts under identical ownership if such accounts fall within the same classifications of customer segregated, customer secured, special reserve account for the exclusive benefit of customers and non-segregated for margin purposes. Clearing Members and, if applicable, Exchange Members may compute margin requirements for identically owned concurrent long and short positions on a net basis.

(i) *Omnibus Accounts.* Clearing Members and, if applicable, Exchange Members shall collect margin on a gross basis for positions held in domestic and foreign omnibus accounts. For omnibus accounts, initial margin requirements shall equal the corresponding maintenance margin requirements. Clearing Members and, if applicable, Exchange Members shall obtain and maintain written instructions from domestic and foreign omnibus accounts for positions that are eligible for offsets pursuant to paragraph (l) below.

(j) *Liquidation of Accounts.* If a Customer fails to comply with a margin call required by Commission Regulations §§ 41.42 through 41.49 within a reasonable period of time (which shall be no more than five Business Days, although the relevant Clearing Member or, if applicable, Exchange Member may deem one hour to be a reasonable period of time), the relevant Clearing Member or, if applicable, Exchange Member shall take the deduction required with respect to an undermargined account in computing its net capital under applicable Commission Regulations and Exchange Act Regulations.

(k) *Failure to Maintain Required Margin.* If a Clearing Member or, if applicable, Exchange Member fails to maintain sufficient margin for any Customer account in accordance with this Rule 515, the Exchange may direct such Clearing Member or Exchange Member to immediately liquidate all or any part of the positions in such account to eliminate the deficiency.

(l) *Offsetting Positions.* For purposes of Commission Regulation § 41.45(b)(2) and Rule 403(b)(2) under the Exchange Act, the initial and maintenance margin requirements for offsetting positions involving Single Stock

Futures and Stock Index Futures, on the one hand, and related positions, on the other hand, are set at the levels specified in Schedule A to this Chapter 5.

(m) *Exclusion for Market Makers.*

(i) A Person shall be a “Market Maker” for purposes of this Rule 515, and shall be excluded from the requirements set forth in Commission Regulations §§ 41.41 through 41.49 and Rules 400 through 406 under the Exchange Act in accordance with Commission Regulation § 41.42(c)(2)(v) and Rule 400(c)(2)(v) under the Exchange Act, with respect to all trading in security futures (as such term is defined in Section 1a(31) of the CEA) for its own account, if such Person is an Exchange Member that is registered with the Exchange as a dealer (as such term is defined in Section 3(a)(5) of the Exchange Act) in security futures.

(ii) Each Market Maker shall:

(A) be registered as a floor trader or a floor broker with the Commission under Section 4f(a)(1) of the CEA or as a dealer with the Securities and Exchange Commission (or any successor agency or authority) under Section 15(b) of the Exchange Act;

(B) maintain records sufficient to prove compliance with the requirements set forth in this paragraph (m) and Commission Regulation § 41.42(c)(2)(v) and Rule 400(c)(2)(v) under the Exchange Act; and

(C) hold itself out as being willing to buy and sell security futures for its own account on a regular or continuous basis.

(iii) Any Market Maker that fails to comply with the applicable Rules of the Exchange, Commission Regulations §§ 41.41 through 41.49 or Rules 400 through 406 under the Exchange Act shall be subject to disciplinary action in accordance with Chapter 7. Appropriate sanctions in the case of any such failure shall include, without limitation, a revocation of such Market Maker’s registration as a dealer in security futures pursuant to clause (i) above.

Schedule A to Chapter 5**Margin Levels for Offsetting Positions**

	DESCRIPTION OF OFFSET	SECURITY UNDERLYING THE SECURITY FUTURE	INITIAL MARGIN REQUIREMENT	MAINTENANCE MARGIN REQUIREMENT
1	Long security future or short security future	Individual stock or narrow-based security index	20% of the current market value of the security future.	20% of the current market value of the security future.
2	Long security future (or basket of security futures representing each component of a narrow-based securities index¹) and long put option² on the same underlying security (or index)	Individual stock or narrow-based security index	20% of the current market value of the long security future, plus pay for the long put in full.	The lower of: (1) 10% of the aggregate exercise price ³ of the put plus the aggregate put out-of-the-money ⁴ amount, if any; or (2) 20% of the current market value of the long security future.

¹ Baskets of securities or security futures contracts must replicate the securities that comprise the index, and in the same proportion.

² Generally, for the purposes of these rules, unless otherwise specified, stock index warrants shall be treated as if they were index options.

³ “Aggregate exercise price,” with respect to an option or warrant based on an underlying security, means the exercise price of an option or warrant contract multiplied by the numbers of units of the underlying security covered by the option contract or warrant. “Aggregate exercise price” with respect to an index option, means the exercise price multiplied by the index multiplier. *See, e.g.*, Amex Rules 900 and 900C; CBOE Rule 12.3; and NASD Rule 2522.

⁴ “Out-of-the-money” amounts shall be determined as follows:

(1) for stock call options and warrants, any excess of the aggregate exercise price of the option or warrant over the current market value of the equivalent number of shares of the underlying security;

(2) for stock put options or warrants, any excess of the current market value of the equivalent number of shares of the underlying security over the aggregate exercise price of the option or warrant;

(3) for stock index call options and warrants, any excess of the aggregate exercise price of the option or warrant over the product of the current index value and the applicable index multiplier; and

(4) for stock index put options and warrants, any excess of the product of the current index value and the applicable index multiplier over the aggregate exercise price of the option or warrant. *See, e.g.*, NYSE Rule 431 (Exchange Act Release No. 42011 (October 14, 1999), 64 FR 57172 (October 22, 1999) (order approving SR-NYSE-99-03)); Amex Rule 462 (Exchange Act Release No. 43582 (November 17, 2000), 65 FR 71151 (November 29, 2000) (order approving SR-Amex-99-27)); CBOE Rule 12.3 (Exchange Act Release No. 41658 (July 27, 1999), 64 FR 42736 (August 5, 1999) (order approving SR-CBOE-97-67)); or NASD Rule 2520 (Exchange Act Release No. 43581 (November 17, 2000), 65 FR 70854 (November 28, 2000) (order approving SR-NASD-00-15)).

	DESCRIPTION OF OFFSET	SECURITY UNDERLYING THE SECURITY FUTURE	INITIAL MARGIN REQUIREMENT	MAINTENANCE MARGIN REQUIREMENT
3	Short security future (or basket of security futures representing each component of a narrow-based securities index) and short put option on the same underlying security (or index)	Individual stock or narrow-based security index	20% of the current market value of the short security future, plus the aggregate put in-the-money amount, if any. Proceeds from the put sale may be applied.	20% of the current market value of the short security future, plus the aggregate put in-the-money amount, if any. ⁵
4	Long security future and short position in the same security (or securities basket) underlying the security future	Individual stock or narrow-based security index	The initial margin required under Regulation T for the short stock or stocks.	5% of the current market value as defined in Regulation T of the stock or stocks underlying the security future.
5	Long security future (or basket of security futures representing each component of a narrow-based securities index) and short call option on the same underlying security (or index)	Individual stock or narrow-based security index	20% of the current market value of the long security future, plus the aggregate call in-the-money amount, if any. Proceeds from the call sale may be applied.	20% of the current market value of the long security future, plus the aggregate call in-the-money amount, if any.
6	Long a basket of narrow-based security futures that together tracks a broad-based index and short a broad-based security index call option contract on the same index	Narrow-based security index	20% of the current market value of the long basket of narrow-based security futures, plus the aggregate call in-the-money amount, if any. Proceeds from the call sale may be applied.	20% of the current market value of the long basket of narrow-based security futures, plus the aggregate call in-the-money amount, if any.
7	Short a basket of narrow-based security futures that together tracks a broad-based security index and short a broad-based security index put option contract on the same index	Narrow-based security index	20% of the current market value of the short basket of narrow-based security futures, plus the aggregate put in-the-money amount, if any. Proceeds from the put sale may be applied.	20% of the current market value of the short basket of narrow-based security futures, plus the aggregate put in-the-money amount, if any.
8	Long a basket of narrow-based security futures that together tracks a broad-based security index and long a broad-based security index put option contract on the same index	Narrow-based security index	20% of the current market value of the long basket of narrow-based security futures, plus pay for the long put in full.	The lower of: (1) 10% of the aggregate exercise price of the put, plus the aggregate put out-of-the-money amount, if any; or (2) 20% of the current market value of the long basket of security futures.

⁵ “In-the-money” amounts must be determined as follows:

- (1) for stock call options and warrants, any excess of the current market value of the equivalent number of shares of the underlying security over the aggregate exercise price of the option or warrant;
- (2) for stock put options or warrants, any excess of the aggregate exercise price of the option or warrant over the current market value of the equivalent number of shares of the underlying security;
- (3) for stock index call options and warrants, any excess of the product of the current index value and the applicable index multiplier over the aggregate exercise price of the option or warrant; and
- (4) for stock index put options and warrants, any excess of the aggregate exercise price of the option or warrant over the product of the current index value and the applicable index multiplier.

	DESCRIPTION OF OFFSET	SECURITY UNDERLYING THE SECURITY FUTURE	INITIAL MARGIN REQUIREMENT	MAINTENANCE MARGIN REQUIREMENT
9	Short a basket of narrow-based security futures that together tracks a broad-based security index and long a broad-based security index call option contract on the same index	Narrow-based security index	20% of the current market value of the short basket of narrow-based security futures, plus pay for the long call in full.	The lower of: (1) 10% of the aggregate exercise price of the call, plus the aggregate call out-of-the-money amount, if any; or (2) 20% of the current market value of the short basket of security futures.
10	Long security future and short security future on the same underlying security (or index)	Individual stock or narrow-based security index	The greater of: 5% of the current market value of the long security future; or (2) 5% of the current market value of the short security future.	The greater of: 5% of the current market value of the long security future; or (2) 5% of the current market value of the short security future.
11	Long security future, long put option and short call option. The long security future, long put and short call must be on the same underlying security and the put and call must have the same exercise price. (Conversion)	Individual stock or narrow-based security index	20% of the current market value of the long security future, plus the aggregate call in-the-money amount, if any, plus pay for the put in full. Proceeds from the call sale may be applied.	10% of the aggregate exercise price, plus the aggregate call in-the-money amount, if any.
12	Long security future, long put option and short call option. The long security future, long put and short call must be on the same underlying security and the put exercise price must be below the call exercise price (Collar)	Individual stock or narrow-based security index	20% of the current market value of the long security future, plus the aggregate call in-the-money amount, if any, plus pay for the put in full. Proceeds from call sale may be applied.	The lower of: (1) 10% of the aggregate exercise price of the put plus the aggregate put out-of-the-money amount, if any; or (2) 20% of the aggregate exercise price of the call, plus the aggregate call in-the-money amount, if any.
13	Short security future and long position in the same security (or securities basket) underlying the security future	Individual stock or narrow-based security index	The initial margin required under Regulation T for the long stock or stocks.	5% of the current market value, as defined in Regulation T, of the long stock or stocks.
14	Short security future and long position in a security immediately convertible into the same security underlying the security future, without restriction, including the payment of money	Individual stock or narrow-based security index	The initial margin required under Regulation T for the long security.	10% of the current market value, as defined in Regulation T, of the long security.
15	Short security future (or basket of security futures representing each component of a narrow-based securities index) and long call option or warrant on the same underlying security (or index)	Individual stock or narrow-based security index	20% of the current market value of the short security future, plus pay for the call in full.	The lower of: (1) 10% of the aggregate exercise price of the call, plus the aggregate call out-of-the-money amount, if any; or (2) 20% of the current market value of the short security future.

	DESCRIPTION OF OFFSET	SECURITY UNDERLYING THE SECURITY FUTURE	INITIAL MARGIN REQUIREMENT	MAINTENANCE MARGIN REQUIREMENT
16	Short security future, Short put option and long call option. The short security future, short put and long call must be on the same underlying security and the put and call must have the same exercise price. (Reverse Conversion)	Individual stock or narrow-based security index	20% of the current market value of the short security future, plus the aggregate put in-the-money amount, if any, plus pay for the call in full. Proceeds from put sale may be applied.	10% of the aggregate exercise price, plus the aggregate put in-the-money amount, if any.
17	Long (short) a basket of security futures, each based on a narrow-based security index that together tracks the broad-based index and short (long) a broad-based index future	Narrow-based security index	5% of the current market value for the long (short) basket of security futures.	5% of the current market value of the long (short) basket of security futures.
18	Long (short) a basket of security futures that together tracks a narrow-based index and short (long) a narrow-based index future	Individual stock and narrow-based security index	The greater of: (1) 5% of the current market value of the long security future(s); or (2) 5% of the current market value of the short security future(s).	The greater of: (1) 5% of the current market value of the long security future(s); or (2) 5% of the current market value of the short security future(s).
19	Long (short) a security future and short (long) an identical security future traded on a different market.⁶	Individual stock and narrow-based security index	The greater of: (1) 3% of the current market value of the long security future(s); or (2) 3% of the current market value of the short security future(s).	The greater of: (1) 3% of the current market value of the long security future(s); or (2) 3% of the current market value of the short security future(s).

⁶ Two security futures will be considered “identical” for this purpose if they are issued by the same clearing agency or cleared and guaranteed by the same derivatives clearing organization, have identical contract specifications, and would offset each other at the clearing level.

CHAPTER 6 BUSINESS CONDUCT

601. Fraudulent Acts

No Clearing Member, Exchange Member (including their respective Related Parties) or Access Person, shall engage in any fraudulent act or engage in any scheme to defraud, deceive or trick, in connection with or related to any trade on or other activity related to the Exchange or the Clearing Corporation.

602. Fictitious Transactions

No Clearing Member, Exchange Member (including their respective Related Parties) or Access Person, shall create fictitious transactions or execute any Order for a fictitious transaction with knowledge of its nature.

603. Market Manipulation or Demoralization

Any manipulation of the market in any Contract is prohibited. Orders entered into the OneChicago System for the purpose of upsetting the equilibrium of the market in any Contract or creating a condition in which prices do not or will not reflect fair market values are prohibited and any Clearing Member, Exchange Member (including their respective Related Parties) or Access Person who makes or assists in entering any such Order with knowledge of the purpose thereof or who, with such knowledge, in any way assists in carrying out any plan or scheme for the entering of any such Order, shall be deemed to have engaged in an act detrimental to the Exchange.

604. Adherence to Law

No Clearing Member, Exchange Member (including their respective Related Parties) or Access Person shall engage in conduct in violation of Applicable Laws, the Rules of the Exchange or the Rules of the Clearing Corporation (insofar as the Rules of the Clearing Corporation relate to the reporting or clearance of any transaction in Contracts).

605. Sales Practice Rules

Without limiting the generality of Rule 604, each Clearing Member, Exchange Member (including its Related Parties) and Access Person shall comply with any and all sales practice rules (including those relating to bunched orders, opening and approval of accounts, suitability, use of discretion, supervision of accounts, risk disclosure document delivery, communications, monthly statements and confirmations, registration, qualification and continuing education, customer complaints and prohibition against guarantees and profit sharing) from time to time promulgated by the NFA with respect to security futures within the meaning of Section 1a(31) of the CEA, which rules are hereby incorporated by reference into this Rule 605.

606. Prohibition of Misstatements

It shall be an offense to make any misstatement of a material fact to the Exchange, including the Board, any committee thereof or any director, officer or employee of the Exchange.

607. Use of Access Privileges

No Clearing Member, Exchange Member (including their respective Related Parties) or Access Person may use its Access Privileges or access the Exchange in any way which could be expected to bring disrepute upon such Clearing Member, Exchange Member, Access Person or the Exchange.

608. Acts Detrimental to the Exchange; Acts Inconsistent with Just and Equitable Principles of Trade

It shall be an offense to violate any Rule of the Exchange or Rule of the Clearing Corporation regulating the conduct or business of a Clearing Member, Exchange Member (including their respective Related Parties) or Access Person, or any agreement made with the Exchange, or to engage in any act detrimental to the Exchange or in conduct inconsistent with just and equitable principles of trade.

609. Supervision

Each Clearing Member and Exchange Member shall be responsible for supervising its Related Parties so as to ensure compliance by such Related Parties with this Chapter 6, and may be held accountable for the actions of such Related Parties. In addition, each Responsible Trader shall be responsible for supervising the Related Parties of the Clearing Member or Exchange Member represented by it, and may be held accountable for the actions of such Related Parties.

610. Priority of Customers' Orders

(a) No Clearing Member or, if applicable, Exchange Member or Access Person (including in each case its Related Parties) shall knowingly buy a Contract for a personal or proprietary account of such Clearing Member, Exchange Member or Access Person or for an account in which such Clearing Member, Exchange Member or Access Person has a proprietary interest, when such Clearing Member, Exchange Member or Access Person has in hand Orders to buy the same Contract for any other Person at the same price or at the market price. No Clearing Member or, if applicable, Exchange Member or Access Person (including in each case its Related Parties) shall knowingly sell a Contract for a personal or proprietary account of such Clearing Member, Exchange Member or Access Person or for an account in which such Clearing Member, Exchange Member or Access Person has a proprietary interest, when such Clearing Member, Exchange Member or Access Person has in hand Orders to sell the same Contract for any other Person at the same price or at the market price.

(b) No Clearing Member or, if applicable, Exchange Member or Access Person (including in each case its Related Parties) shall knowingly execute a discretionary Order for any Contract, including, without limitation, an Order allowing such Clearing Member, Exchange Member or Access Person (including in each case its Related Parties) discretion as to time and price, for an immediate family member or for a personal or proprietary account of any other Clearing Member, Exchange Member or Access Person, when such Clearing Member, Exchange Member or Access Person has in hand any Customer Market Order for the same Contract open as to time and price. A Clearing Member or, if applicable, Exchange Member or Access Person (including in each case its Related Parties) may trade for a personal or proprietary account of such Clearing Member, Exchange Member or Access Person, without violating this Rule 610, while holding any Customer Order for the same Contract open as to time and price, provided such Customer has previously consented thereto in writing and evidence of such general consent is indicated on the Order.

(c) A Clearing Member or, if applicable, Exchange Member or Access Person (including in each case its Related Parties) entering Orders into the OneChicago System must enter all Customer Orders that the OneChicago System is capable of accepting before entering an Order for a personal or proprietary account of such Clearing Member, Exchange Member or Access Person, an account in which such Clearing Member, Exchange Member or Access Person has a proprietary interest or an Order for a discretionary account, including an Order allowing such Clearing Member, Exchange Member or Access Person discretion as to time and price, for an immediate family member or for a personal or proprietary account of any other Clearing Member, Exchange Member or Access Person.

(d) For purposes of this Rule 610, no Clearing Member or, if applicable, Exchange Member or Access Person, in each case that consists of more than one individual, shall be deemed to knowingly buy or sell a Contract or execute a discretionary Order if (i) such Clearing Member, Exchange Member or Access Person has in place appropriate “firewall” or separation of function procedures and (ii) the individual buying or selling the Contract or executing the discretionary Order in question has no direct knowledge of the Order to buy or sell the same Contract for any other Person at the same price or at the market price or of the Customer Order for the same Contract, as the case may be.

611. Trading Against Customers’ Orders

No Clearing Member or, if applicable, Exchange Member or Access Person (including in each case its employees and agents) shall enter into a transaction on behalf of a Customer in which such Clearing Member, Exchange Member or Access Person or any Person trading for an account in which such Clearing Member, Exchange Member or Access Person has a financial interest, intentionally assumes the opposite side of the transaction. The foregoing restriction shall not prohibit pre-execution discussions

conducted in accordance with procedures established by the Exchange from time to time, and shall not apply to any Exchange of Future for Physical, any Block Trade or any transaction meeting all of the following criteria (or such other criteria as may be established by the Exchange from time to time):

(a) the Customer has previously consented in writing to such transactions, which consent shall have been given or renewed within 12 months of the transaction at issue and shall not have been revoked prior thereto;

(b) the Clearing Member or if applicable, Exchange Member or Access Person (including in each case its employees and agents) has waited for a reasonable period of time, as determined by the Exchange, after first entering the Order received from the Customer into the OneChicago System before taking the opposite side of the transaction;

(c) the Clearing Member or, if applicable, Exchange Member or Access Person maintains a record that clearly identifies, by appropriate descriptive words, all such transactions, including the time of execution, commodity, date, price, quantity and delivery month; and

(d) the Clearing Member or, if applicable, Exchange Member or Access Person provides a copy of the record referred to in clause (c) above to the Exchange.

612. Withholding Orders

No Clearing Member, Exchange Member or Access Person (including in each case its employees and agents) shall withhold or withdraw from the market any Order or any part of an Order, placed by any other Person for the benefit of such Clearing Member, Exchange Member or Access Person or for the benefit of any other Clearing Member, Exchange Member or Access Person.

613. Disclosing Orders

Except in accordance with any policies or procedures for pre-execution discussions from time to time adopted by the Exchange, no Clearing Member, Exchange Member or Access Person (including in each case its employees and agents) shall disclose to any Person any Order placed by any other Person, except to the Exchange or the Commission.

614. Pre-Arranged Trades

No Clearing Member, Exchange Member or Access Person (including in each case its employees and agents) shall enter any Order into the OneChicago System which has been pre-arranged, except as expressly permitted by Rules 416 and 417 or in accordance with any policies or procedures for pre-execution discussions from time to time adopted by the Exchange.

615. Simultaneous Buying and Selling Orders

(a) No Clearing Member or, if applicable, Exchange Member or Access Person (including in each case its employees and agents) shall accept simultaneous buy and sell Orders from the same Customer for the same delivery month of a particular Future.

(b) A Clearing Member or, if applicable, Exchange Member or Access Person (including in each case its employees and agents) holding Orders to buy and sell at the same time from different Customers for the same delivery month of a particular Future may enter both Orders into the OneChicago System.

CHAPTER 7 ENFORCEMENT OF RULES AND RELATED MATTERS

General

701. Introduction

The Board has adopted rules, and from time to time may adopt amendments or supplements to such rules, to assure a free and open market on the Exchange, to maintain proper and dignified trading conduct and to provide protection to the public in its contacts with the Exchange, Clearing Members or Exchange Members (including their respective Related Parties) or Access Persons. The Board has appointed officers and created committees to which it has delegated responsibility for the investigation, hearing and imposition of penalties for violations of the Rules of the Exchange. In addition, the Board has delegated responsibility for the investigation and imposition of penalties for violations of the Rules of the Exchange to Exchange staff as set forth in this Chapter 7. The delegation of such responsibility and authority shall in no way limit the authority of the Board to deal ultimately with any and all violations of Rules of the Exchange, either on its own initiative or upon appeal, and nothing in this Chapter 7 shall release the General Counsel, or his or her designee, of his or her duties and responsibilities to secure enforcement of the Rules of the Exchange.

Delegation and Jurisdiction of Enforcement Authority

702. Oversight of Regulatory Affairs

It shall be the duty of the General Counsel, or his or her designee, to enforce the Rules of the Exchange. He or she shall have available to him or her at all times the facilities of the Division of Market Regulation of the Exchange (which may consist of staff provided by any Affiliate of the Exchange or any third party with which the Exchange may have entered into a contractual arrangement for such purpose) (the "Division") to conduct investigations of rule violations and market conditions. The General Counsel, or his or her designee, and the Division shall have authority to inspect the books and records of Clearing Members and Exchange Members; in this connection, they may require Clearing Members, Exchange Members and their respective Related Parties to appear before him or her and produce books and records and answer questions regarding any possible violation of the Rules of the Exchange.

703. Business Conduct Committee

(a) The Business Conduct Committee shall consist of such individuals as may be appointed by the Board from time to time, and shall have jurisdiction over the conduct of, and enforce the rules relating to trading practices, sales practices and trading ethics of, Clearing Members or Exchange Members (including their respective Related Parties) or Access Persons, enforce the Rules of the Exchange relating to the conduct of Clearing Members or Exchange Members (including their respective Related Parties) or Access Persons, and conduct, or cause to be

conducted, investigations and hearings on those matters over which it is assigned jurisdiction under this Chapter 7.

The Business Conduct Committee shall have jurisdiction to enforce the Rules of the Exchange pertaining to the following:

- (i) attempts to manipulate and manipulations of prices and attempts to corner and corners of any Contract;
- (ii) conduct of Clearing Members, Exchange Members and their respective Related Parties detrimental to the good name of the Exchange; and
- (iii) business conduct of, and compliance with Rules of the Exchange by, Clearing Members, Exchange Members and their respective Related Parties, including conduct affecting Customers or the public, except to the extent that jurisdiction over such conduct or compliance is assigned to any other committee.

The Business Conduct Committee may act in accordance with the foregoing either on its own initiative or by reference from the Exchange, including the Division, the Probable Cause Committee or any other committee or division of the Exchange. The Business Conduct Committee shall have the power to compel any Subject to appear before it, to testify and to produce all books and records relevant to the subject matter under investigation. All decisions of the Business Conduct Committee shall be by majority vote.

(b) Any panel of the Business Conduct Committee shall consist of five individuals representing Clearing Members or Exchange Members, a chairperson and two voting non-members. Any action to be taken by the Business Conduct Committee under this Chapter 7 may be taken by any such panel, in which case the action by such panel shall constitute action by the Business Conduct Committee for all purposes of this Chapter 7; *provided* that if a novel or significant issue is presented in any proceeding, the chairperson of the Business Conduct Committee may have such issue decided by the entire committee rather than a panel.

(c) No Person shall serve on the Business Conduct Committee unless and until he or she has first pledged to the Exchange that during the period of such service he or she will not publish, divulge or make known in any manner, any facts or information regarding the business of any Person or any other information which may come to his or her attention in his or her official capacity as a member of the Business Conduct Committee, except when reporting to the Board or to a committee concerned with such information or when called upon to testify in any judicial or administrative proceeding.

No member of the Business Conduct Committee shall knowingly engage in any Ex Parte Communication with any Clearing Member or Exchange Member (including their respective Related Parties) or Access Person concerning the merits of any matter pending under this Chapter 7. Clearing Members and Exchange Members (including their respective Related Parties) and Access Persons shall not knowingly engage in any Ex Parte Communication with any member of the Business Conduct Committee concerning the merits of any matter pending under this Chapter 7.

704. Probable Cause Committee

(a) The Probable Cause Committee shall consist of such individuals as may be appointed by the Board from time to time, and shall receive and review investigation reports from the Division. It shall determine whether there is a reasonable basis to charge a violation of any Rule of the Exchange, and shall be responsible for the preparation and issuance of any such charges. The Probable Cause Committee shall have the power to compel any Subject to appear before it, to testify and to produce all books and records relevant to the subject matter under investigation. The Subject shall not have a right to appear before the Probable Cause Committee. All decisions of the Probable Cause Committee shall be by majority vote.

(b) Any panel of the Probable Cause Committee shall consist of five individuals representing Clearing Members or Exchange Members, a chairperson and two voting non-members. Any action to be taken by the Probable Cause Committee under this Chapter 7 may be taken by any such panel, in which case the action by such panel shall constitute action by the Probable Cause Committee for all purposes of this Chapter 7.

(c) No Person shall serve on the Probable Cause Committee unless and until he or she has first pledged to the Exchange that during the period of such service he or she will not publish, divulge or make known in any manner, any facts or information regarding the business of any Person or any other information which may come to his or her attention in his or her official capacity as a member of the Probable Cause Committee, except when reporting to the Board or to a committee concerned with such information or when called upon to testify in any judicial or administrative proceeding.

No member of the Probable Cause Committee shall knowingly engage in any Ex Parte Communication with any Clearing Member or Exchange Member (including their respective Related Parties) or Access Person concerning the merits of any matter pending under this Chapter 7. Clearing Members and Exchange Members (including their respective Related Parties) and Access Persons shall not knowingly engage in any Ex Parte Communication with any member of the Probable Cause Committee concerning the merits of any matter pending under this Chapter 7.

Investigative and Hearing Procedures

705. Investigation and Assignment for Hearing

(a) The Division shall investigate possible violations of Rules of the Exchange if and as appropriate under the circumstances. The Division shall endeavor to complete all such investigations within the time frame prescribed by Commission Regulation § 8.06, and shall report the results thereof to the General Counsel, or his or her designee. Each investigation report prepared by the Division shall include the reason for initiating the investigation, a summary of the complaint, if any, facts relevant to the matter and the Division's recommendations concerning whether the matter should be referred to the Probable Cause Committee or closed, or whether non-disciplinary regulatory action should be taken.

(b) If after an investigation the Division concludes that a reasonable basis exists for finding a violation of any Rule of the Exchange and that further proceedings are warranted, it shall submit to the Probable Cause Committee the investigation report prepared by the Division. Prior to submitting such report, the Division shall notify each Clearing Member, Exchange Member or Access Person who (or whose Related Party) is the subject of such report (the "Subject") of the Rule of the Exchange that the Division believes to have been violated.

(c) If after an investigation the Division concludes that no reasonable basis exists for finding a violation of any Rule of the Exchange or that no further proceedings are warranted, the investigation file shall be closed, and the Subject shall be notified thereof. Notwithstanding the foregoing, the Division may, upon appropriate findings, take non-disciplinary regulatory action (including but not limited to the issuance of a warning letter) or recommend that the Probable Cause Committee take such action. The taking of any such action by the Division shall not constitute either the finding of a violation of any Rule of the Exchange or a penalty.

(d) The Probable Cause Committee shall review any investigation report submitted in accordance with paragraph (b) above and accepted as completed, and shall determine whether a reasonable basis exists for the issuance of charges based upon a violation of any Rule of the Exchange. Based upon such report, the Probable Cause Committee may direct that the Subject be served with a notice of charges, determine that no further proceedings are warranted or take non-disciplinary regulatory action. If the Probable Cause Committee directs that the Subject be served with a notice of charges, the Division shall prepare and serve the Subject with such a notice on behalf of the Probable Cause Committee, whereupon the matter shall be referred to the Business Conduct Committee. If the Probable Cause Committee determines that no further proceedings are warranted, the investigation file shall be closed, and the Subject shall be notified thereof. The taking of any non-disciplinary regulatory action by the Probable Cause

Committee shall not constitute either the finding of a violation of any Rule of the Exchange or a penalty.

All determinations made by the Probable Cause Committee, including reasons therefor, shall be in writing, and shall become part of the investigation file. The General Counsel, or his or her designee, shall have the right to request reconsideration of any such determination by the Business Conduct Committee.

(e) Each notice of charges issued in accordance with paragraph (d) above shall indicate the Rule of the Exchange that the Subject is alleged to have violated, describe the conduct in question and advise the Subject of the opportunity to submit an answer to the charges, in writing, within 10 days of service of such notice. The Subject shall be given at least 15 days' prior written notice of the time and place of the hearing, which notice may be included in the notice of charges. The Subject shall also be advised of the right to appear personally at the hearing and of the right to be represented by counsel or another representative, other than a member of the Probable Cause Committee, the Business Conduct Committee, the Board or an official of the Exchange.

A Subject may waive the right to a hearing within 10 days of service of the notice of charges. A Subject who elects to waive the right to a hearing shall be notified of the findings and decisions of the Business Conduct Committee and penalties, if any, to be imposed and their effective date. Where a penalty is to be imposed without a hearing, the respondent shall be advised of its right to request, within 10 days of service of the decision, a hearing before the Business Conduct Committee on such penalty.

(f) In its written answer to a notice of charges issued in accordance with paragraph (d) above, the Subject shall admit or deny each charge included in such notice. A Subject who is unable to obtain information necessary to enable it to admit or deny any charge shall be deemed to have denied such charge. In the event that the Subject fails to file a written answer within the 10-day period specified in the notice of charges, each charge included in such notice shall be deemed to be admitted.

If all charges are admitted or deemed to be admitted, the Subject shall waive the right to a hearing on the charges and the Business Conduct Committee shall find that the violations alleged in the notice of charges have been committed. The Business Conduct Committee shall then notify the Subject in writing of the penalty to be imposed and advise the Subject of the right to request a hearing on the penalty within 10 days of service of the penalty decision.

Following the filing of an answer which contains both an admission to one or more charges and a denial of one or more charges, the Business Conduct Committee shall consider the penalties to be imposed upon admissions to charges at the same time that it considers the matters denied by the Subject.

(g) At any time before or after being served with a notice of charges in accordance with paragraph (d) above, the Subject may, without admitting or denying any alleged violation, submit to the Business Conduct Committee a written offer of settlement consenting to a specified sanction. If the Business Conduct Committee accepts any such offer of settlement, it shall issue a decision, which shall include findings, and impose a sanction consistent with the terms of such offer. If the Business Conduct Committee rejects any such offer of settlement, it shall notify the Subject thereof and the matter shall proceed as if such offer had not been made, and such offer and all documents relating thereto shall not become a part of the record. Any decision of the Business Conduct Committee in respect of an offer of settlement shall be final, and the Subject may not seek review thereof.

The Subject may submit a written statement in support of any offer of settlement made in accordance with the foregoing. In addition, if the Division will not recommend that the Business Conduct Committee accept such offer, the Subject shall be notified and may appear before the Business Conduct Committee to make an oral statement in support of his or her offer. If the Business Conduct Committee rejects an offer of settlement that the Division supports, the Subject may appear before the Business Conduct Committee to make an oral statement concerning why he or she believes the Business Conduct Committee should change its decision and accept such offer. The Subject must make a request for any appearance in accordance with the preceding two sentences within five days of service of notice that its offer was rejected or that the Division will not recommend acceptance, as the case may be.

706. Rules and Procedures for Hearings

All hearings before the Business Conduct Committee shall be fair, and shall be conducted in accordance with the following rules and procedures.

Hearings by the Business Conduct Committee shall be before a panel thereof, and shall be conducted by the chairperson of such panel.

Prior to a hearing, each party shall furnish to the Business Conduct Committee and to the other party or parties (a) copies of any and all documentary evidence that such party intends to present at the hearing and (b) a list containing the names of any and all witnesses that such party intends to present at the hearing.

The Division shall be a party to each hearing and shall present evidence on the charges included in the notice of charges.

The Subject and the members of the staff of the Division may appear personally, testify, produce evidence, call witnesses and may cross-examine any witness.

The relevant panel or its chairperson shall determine all questions concerning the admissibility of evidence and shall otherwise regulate the conduct of the hearing. Formal rules of evidence shall not be applicable.

All testimony and documents produced in connection with a hearing shall be treated as confidential and shall not be revealed or otherwise used, except in connection with disciplinary proceedings resulting from such hearing or as required by law.

A substantially verbatim record of such hearing shall be made and become part of the record of proceeding. The record need not be transcribed unless a transcript is requested by the respondent, the Exchange or the Commission, the decision is appealed or a review is conducted by the Commission. The Subject shall bear the cost of any copy of a transcript requested by it.

A Subject not found responsible for the alleged violation shall not again be charged with or tried for the same violation.

After a hearing, the Subject shall be issued a written report of findings, which shall include: the notice of charges (or a summary thereof); the answer to charges, if any (or a summary thereof); a summary of evidence produced at the hearing (or reference to the investigation report); a statement of findings regarding each charge, specific violations of Rules of the Exchange, penalties and their effective dates.

707. Actions of the Business Conduct Committee

(a) After conducting a hearing on any matter brought before it in accordance with Rule 705, the Business Conduct Committee shall decide whether the Subject is responsible for the violation or violations charged. The Subject shall be appropriately disciplined by the Business Conduct Committee for violations of Rules of the Exchange by (i) termination, bar or suspension of Access Privileges, status as an Exchange Member or association with an Exchange Member, (ii) limitation of activities, functions or operations, (iii) cease-and-desist order, (iv) imposition of a period of probation, (v) fine or censure or (vi) any other sanction or undertaking deemed appropriate by the Business Conduct Committee under the circumstances; *provided* that sanctions against any Subject that is an Access Person shall be limited to (i) the termination, bar or suspension of such Subject's Trading Privileges and (ii) a prohibition for other Clearing Members, Exchange Members or Access Persons to engage in any dealings related to Contracts with such Subject. Without limiting the generality of the foregoing, the Business Conduct Committee may require the Subject to make an adjustment, in such amount as is warranted by the evidence, to the account of the Customer injured by the violative conduct; *provided* that the Business Conduct Committee may require such an adjustment even if the Subject, while not in violation of a Rule of the Exchange, has not fulfilled its responsibility for proper execution of an Order placed by the Customer in question.

(b) In addition to taking disciplinary action pursuant to paragraph (a) above, the Business Conduct Committee may, as appropriate, take any of the actions specified in Rule 420 in the event that it determines, by investigation or hearing, that there exists an Emergency; *provided* that any and all decisions of the Business Conduct Committee to take actions pursuant to this paragraph (b) shall require the affirmative vote of two-thirds of the committee members present. A Subject affected by any such action shall be notified thereof.

708. Appeal to the Board

(a) A Subject found responsible for any violation of a Rule of the Exchange may, within 10 days of such decision, unless expressly prohibited, appeal to the Board; *provided, however*, that no Subject may appeal any monetary sanction of \$10,000 or less. Filing of notice of appeal shall not suspend the decision being appealed unless the Board, the General Counsel, or his or her designee, or the committee from which the appeal is taken specifically directs that such decision be stayed.

(b) The Board shall not set aside, modify or amend the decision being appealed unless it determines that such decision was:

- (i) arbitrary, capricious, an abuse of discretion or not in accordance with the Rules of the Exchange;
- (ii) in excess of the authority or jurisdiction of the Business Conduct Committee;
- (iii) made without observance of required procedures;
- (iv) unsupported by substantial evidence; or
- (v) unsupported by substantial facts.

Except for good cause shown, the appellate hearing shall be strictly limited to the record in the proceeding appealed from.

(c) The Board shall determine whether the matter shall be dealt with by the Board as a whole or by a committee of the Board. In the event that the appeal is to be decided by the Board as a whole, it shall be heard at a duly convened meeting of the entire Board and the affirmative vote of two-thirds of the directors present and voting shall be necessary to set aside or modify the decision from which the appeal was taken. In the event that the appeal is to be decided by a committee of the Board, the chairperson of the Board shall appoint a committee which shall consist of at least three directors, one of which shall be appointed as chairperson of such committee. Any meeting of such committee shall require the presence of each committee member and shall be conducted by the chairperson of such committee. The affirmative vote of two-thirds of the committee members

shall be required to set aside or modify the decision from which the appeal was taken.

(d) No member of the Board shall serve on the Board or a hearing committee of the Board, in its appellate capacity, if he or she participated in the hearing committee or panel that originally heard the matter.

(e) After conducting a hearing on any appeal, the Board or the relevant hearing committee thereof, as the case may be, shall render a written decision and shall provide a copy thereof to the Subject. Such decision shall include a statement of findings with respect to each initial decision, the determination of the order to be issued or penalty to be imposed, if any, and the effective date. Such decision shall be final.

709. Summary Suspension Actions

(a) Upon receipt by the Exchange of actual notice that any Clearing Member or Exchange Member (or Related Party of either) or Access Person has entered a plea of guilty or has been adjudged guilty by a court of competent jurisdiction of a violation of a felony or any other crime, the Business Conduct Committee may, if immediate action is necessary to protect the best interests of the Exchange, Clearing Members, Exchange Members, Customers or the marketplace generally, summarily and without a hearing, suspend the Access Privileges of such Clearing Member, Exchange Member, Related Party or Access Person, until the Exchange has concluded an investigation, including any disciplinary proceedings, with respect to such plea or judgment. The issues to be determined by the Business Conduct Committee in summary suspension actions shall be limited to: (i) whether or not such Clearing Member, Exchange Member, Related Party or Access Person has entered a plea of guilty or has been adjudged guilty by a court of competent jurisdiction of a violation of any felony or other crime; and (ii) whether or not immediate action is necessary to protect the best interests of the Exchange, Clearing Members, Exchange Members, Customers or the marketplace generally.

(b) A Clearing Member or Exchange Member (or Related Party of either) or Access Person shall, whenever practicable, be served with a notice before any summary suspension action is considered. Such notice shall advise such Clearing Member, Exchange Member, Related Party or Access Person that the Business Conduct Committee will consider taking summary action to suspend its Access Privileges, and shall specify the time of the relevant Business Conduct Committee meeting.

If prior notice is not practicable, or if such Clearing Member, Exchange Member, Related Party or Access Person does not appear at the Business Conduct Committee meeting at which a summary suspension action is taken, such Clearing Member, Exchange Member, Related Party or Access Person shall be served with a notice at the earliest possible opportunity after the meeting. Any such

subsequent notice shall state: (i) the action taken; (ii) the reasons for the action; and (iii) the effective date and time and the duration of the action taken. Any subsequent notice shall also advise the respondent of its right to a hearing on any action taken by the Business Conduct Committee within five Business Days of such notice.

(c) A Clearing Member or Exchange Member (or Related Party of either) or Access Person subject to a summary suspension action shall be given an opportunity for a hearing before the Business Conduct Committee. If prior notice of such action is given pursuant to paragraph (b) above, such Clearing Member, Exchange Member, Related Party or Access Person may appear at the initial meeting of the Business Conduct Committee to contest the summary suspension action before it is taken. If such Clearing Member, Exchange Member, Related Party or Access Person appears at the initial meeting, it shall not be entitled to request a subsequent hearing. If such Clearing Member, Exchange Member, Related Party or Access Person does not appear at the initial meeting, such Person may request a subsequent hearing, which shall be held within five Business Days of the summary suspension action.

(d) Within five Business Days following the conclusion of the hearing on a summary suspension action, the Business Conduct Committee shall render a written decision and shall provide a copy thereof to the Clearing Member, Exchange Member, Related Party or Access Person in question. Such decision shall include: (i) a description of the action taken; (ii) findings and conclusions; and (iii) a declaration of any action to be taken, including the effective time, date and duration of such action.

710. Representation by Counsel; Service of Notice

(a) A Subject may at all times be represented by counsel or another representative, other than a member of the Probable Cause Committee, the Business Conduct Committee, the Board or an official of the Exchange.

(b) Any charges, notices or other documents may be served upon the Subject or other addressee thereof either personally, by leaving the same at the place of business of the Subject or such other addressee or by deposit in the U.S. mail, postage prepaid, via registered or certified mail addressed to the Subject or such other addressee at its address as it appears on the books and records of the Exchange.

711. Extension of Time Limits

Any time limits set forth in this Chapter 7 for the submission of answers, petitions or other materials may be extended by permission of the authority at the Exchange to or by whom such materials are to be submitted.

712. Investigations by Other Self-Regulatory Organizations

Subject to Applicable Law, if a domestic or foreign self-regulatory organization, board of trade or regulatory authority that is a party to an information sharing agreement with the Exchange, requests assistance in connection with an investigation, the Exchange may direct any Clearing Member or Exchange Member (or Related Party of either) or Access Person to submit to an examination by such self-regulatory organization, board of trade or regulatory authority and to produce information pertinent to such investigation. An order directing a Clearing Member or Exchange Member (or Related Party of either) or Access Person to submit to an examination shall be issued unless the Exchange finds that such order would be contrary to the best interests or welfare of the Exchange. An examination pursuant to such order may be of the same scope as an investigation initiated by the Exchange, and shall be conducted according to the Rules of the Exchange, on Exchange premises and under the direction of Exchange staff. Representatives of the requesting self-regulatory organization, board of trade or regulatory authority may observe and participate in such examination.

Offenses and Penalties**713. Major and Minor Offenses and Penalties**

Offenses subject to disciplinary action under this Chapter 7 may be designated as major offenses and minor offenses, as the relevant body may deem appropriate under the circumstances. Notwithstanding any such designation, any offense shall be punishable by any sanction deemed appropriate under the circumstances.

714. Suspension or Expulsion Vacates Office

Any Person that is a director, officer or member of any committee of the Exchange, and whose (or whose Clearing Member's, Exchange Member's or Access Person's) Access Privileges are suspended or terminated, shall be considered automatically removed from such office or position.

715. Indemnification of the Exchange

Each Clearing Member, Exchange Member (or Related Party of either) or Access Person shall indemnify the Exchange for, and hold the Exchange harmless against, the amount of any judgments, settlements, fees or costs paid by the Exchange in connection with any legal proceeding brought against the Exchange as a result of an alleged violation of Applicable Law, Rules of the Exchange or Rules of the Clearing Corporation by such Clearing Member, Exchange Member, Related Party or Access Person, or as a result of an alleged failure of the Exchange to detect, prevent or otherwise act against such alleged violation. The foregoing indemnification obligation shall not in any way limit or impair the right of the Exchange to control the conduct of any legal proceeding brought against the Exchange (including the right to settle or compromise, or consent to the entry of any judgment with respect to, such proceeding) as it may deem appropriate in its sole discretion.

716. Position Limit Violations

It shall be the duty of the Business Conduct Committee to enforce the position limits from time to time set by the Exchange with respect to any Contract. All position limit violations shall be handled pursuant to paragraphs (a), (b) and (c) below. A Customer that maintains positions at more than one Clearing Member or, if applicable, Exchange Member or Access Person and exceeds any position limit shall be deemed to have waived confidentiality regarding such positions, and the Clearing Members, Exchange Members or Access Persons carrying such positions shall be informed of the required *pro rata* reduction. Any sanction imposed on a Clearing Member or Exchange Member under this Rule 716 may be appealed by such Clearing Member or Exchange Member to the Business Conduct Committee, which may modify or overturn such sanction for good cause shown.

(a) *First Occurrence.* The first occurrence of a position limit violation shall result in a warning letter to be issued by the Division. In the case of a Customer that maintains positions at more than one Clearing Member or, if applicable, Exchange Member or Access Person, such Customer, in addition to the Clearing Members, Exchange Members or Access Persons in question, shall be issued a warning letter. The first occurrence of a position limit violation shall not be recorded, but a record of the incident shall be maintained.

(b) *First Violation Following a Warning Letter.* The first position limit violation within 12 months of the receipt of a warning letter shall constitute a violation of this Rule 716, which shall subject the violator to a cease-and-desist order to be issued by the Division. The record of any orders issued under this paragraph (b) shall become a part of the permanent file of the Exchange.

Any Clearing Member or, if applicable, Exchange Member that is found to be in violation of this Rule 716 with respect to the same Customer (as determined based upon the books of such Clearing Member or Exchange Member) following receipt of a warning letter shall receive an order to cease and desist from further position limit violations.

If a Customer that maintains positions at more than one Clearing Member or, if applicable, Exchange Member or Access Person exceeds any position limits after having received a warning letter for a previous violation of this Rule 716, such Customer shall be issued a second warning letter, with copies sent to the Clearing Members, Exchange Members or Access Persons in question, stating that a third violation will result in a hearing to suspend such Customer's Access Privileges. In addition, the Clearing Members or Exchange Members in question may be found to have violated position limits and be ordered to cease and desist, unless they can demonstrate that they exercised due diligence, including proper communications to the Customer and regular monitoring of the Customer, to prevent the violation of position limits by such Customer.

(c) *Referral to the Business Conduct Committee.* The Business Conduct Committee may take other actions or impose additional penalties in the following cases:

(i) Where the violation occurs in the spot month of the affected Contract;

(ii) Where the violation involves a position that is more than 150 percent of the applicable position limit;

(iii) Where the violation is the third offense within any 12-month period; or

(iv) Where the Division deems the violation to constitute a severe abuse of the Rules of the Exchange.

717. Complaints by Clearing Members, Exchange Members and Access Persons

(a) Any Clearing Member or Exchange Member (or Related Party of either) or Access Person that has a grievance, complaint or dispute against or with the Exchange in connection with its Exchange business may file a written petition regarding such complaint with the Board. At the discretion of the Board, any such petition may be referred to the Business Conduct Committee, submitted to arbitration, or filed with the books and records of the Exchange without further action.

(b) Any Clearing Member or Exchange Member (or Related Party of either) or Access Person that resorts to the courts or any other department or agency of government for the purpose of resolving or airing any grievance, complaint or dispute against or with any other Clearing Member, Exchange Member, Related Party or Access Person without first exhausting the arbitration procedures incorporated by reference into Chapter 8, shall be deemed to have engaged in conduct which is substantially detrimental to the interest or welfare of the Exchange; *provided* that this Rule 717 shall not limit any Person's right to reparations pursuant to Section 14 of the CEA.

Any Clearing Member Exchange Member (or Related Party of either) or Access Person that resorts to the courts or any other department or agency of government for the purpose of resolving or airing any grievance, complaint or dispute against or with the Exchange, without first exhausting the petition procedure under paragraph (a) above, shall be deemed to have engaged in conduct which is substantially detrimental to the interest or welfare of the Exchange; *provided* that this Rule 717 shall not limit any Person's right to reparations pursuant to Section 14 of the CEA.

Any Clearing Member or Exchange Member (or Related Party of either) or Access Person that resorts to the courts or any other department or agency of

government for the purpose of resolving or airing any grievance, complaint or dispute against or with any other Clearing Member, Exchange Member, Related Party, Access Person or the Exchange after having exhausted the procedures referred to in the foregoing two sentences of this paragraph (b), may be found to be in violation of this Rule 717 if the Board unanimously determines that such further action was unmeritorious or unwarranted.

Any Clearing Member or Exchange Member (or Related Party of either) or Access Person found responsible for a violation of this Rule 717 may, as part of the sanctions available under Rule 713, be fined an amount equal to the costs and expenses, including attorney's fees, incurred by the Exchange in defending or responding to the further action commenced by such Clearing Member, Exchange Member, Related Party or Access Person.

Notwithstanding the foregoing: (i) any Clearing Member or Exchange Member (or Related Party of either) or Access Person may complain to the Commission about any failure on the part of the Exchange to enforce the Rules of the Exchange if such Clearing Member, Exchange Member, Related Party or Access Person has first informed the Exchange of the rule enforcement action sought and has given the Exchange adequate opportunity to act; and (ii) any Clearing Member or Exchange Member (or Related Party of either) or Access Person who believes that another Clearing Member, Exchange Member, Related Party or Access Person has violated the CEA may lodge a complaint directly with the Commission.

CHAPTER 8 ARBITRATION

801. Matters Subject to Arbitration; Incorporation by Reference

(a) Any dispute, claim or controversy between a Customer, on one hand, and a Clearing Member or Exchange Member (including the Related Parties of such Clearing Member or Exchange Member), on the other hand, in each case in connection with, or otherwise related to, the Exchange business of such parties, shall, at the request of any such party, be arbitrated before an arbitration committee or panel constituted in accordance with, and subject to, NFA's Code of Arbitration as in effect from time to time, which code is hereby incorporated by reference into this Chapter 8; *provided, however*, that a Customer which does not qualify as an eligible contract participant within the meaning of Section 1a(12) of the CEA shall not be subject to arbitration pursuant to this Chapter 8 without a prior written consent by such Customer given in accordance with Commission Regulation § 166.5(c).

(b) Any dispute, claim or controversy between or among Clearing Members and Exchange Members (including their respective Related Parties), in each case in connection with, or otherwise related to, the Exchange business of such parties, shall, at the request of any such party and upon the approval of the Chief Executive Officer, or his or her designee, be arbitrated before an arbitration committee or panel constituted in accordance with, and subject to, NFA's Member Arbitration Rules as in effect from time to time, which rules are hereby incorporated by reference into this Chapter 8.

(c) If a party to a dispute, in an answer, reply or other written response to a request for arbitration, challenges the appropriateness of submitting a matter to arbitration under this Chapter 8, the Chief Executive Officer, or his or her designee, shall serve upon the parties written notice of his or her decision to accept or reject the matter for arbitration. The decision by the Chief Executive Officer, or his or her designee, to accept or reject a matter for arbitration shall, at the request of any party to the dispute, be subject to review by the Board or a panel of the Board composed of at least three directors. Requests for review must be submitted to the Chief Executive Officer, or his or her designee, within 10 calendar days from receipt of notice of the decision by the Chief Executive Officer, or his or her designee.

802. Failure to Honor Award or Settlement

Any Clearing Member, Exchange Member or Access Person who fails to honor an arbitral award or settlement rendered under this Chapter 8 shall be subject to disciplinary proceedings in accordance with Chapter 7.

CHAPTER 9
SINGLE STOCK FUTURES

901. Scope of Chapter

This Chapter 9 is limited in application to trading in any Contract that is a security future (as such term is defined in Section 1a(31) of the CEA) based on a single security (each, a “Single Stock Future”). The procedures for trading, clearing and settlement, and any other matters not specifically covered herein, shall be governed by the other Rules of the Exchange.

902. Contract Specifications

[Reserved]

CHAPTER 10
STOCK INDEX FUTURES

1001. Scope of Chapter

This Chapter 10 is limited in application to trading in any Contract that is a “security future” (as such term is defined in Section 1a(31) of the CEA) based on a “narrow-based security index” (as such term is defined in Section 1a(25) of the CEA) (each, a “Stock Index Future”). The procedures for trading, clearing and settlement, and any other matters not specifically covered herein, shall be governed by the other Rules of the Exchange.

1002. Contract Specifications

[Reserved]

**CHAPTER 11
CLEARING****1101. Rules of the Clearing Corporation**

The clearing services provided by the Clearing Corporation with respect to any Contract, and the rights and obligations of purchasers and sellers under cleared Contracts (including without limitation rights and obligations in respect of clearing and settlement, variation payments and performance at maturity), shall be governed by the Rules of the Clearing Corporation.

1102. Other Clearing Organizations

Whenever the Exchange designates a clearing organization other than the Clearing Corporation for the clearance of Contracts with respect to which there are open positions, each Clearing Member shall, as of the close of business on the second Business Day prior to the effective date of such designation, either become a Clearing Member of such new organization, or cause any such open Contracts carried by it either to be transferred to a Clearing Member of such new clearing organization or to be liquidated.