



World Financial Center  
One North End Avenue  
New York, New York 10282

**BY ELECTRONIC TRANSMISSION**

Submission No. 12-55  
September 25, 2012

Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

**Re: Amendments to Exchange Bylaw Annexes and Rules Related to the  
Discontinuance of Open Outcry Trading on the Exchange**

Dear Sir or Madam:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the "CEA") and Commission Regulations 40.6(a), ICE Futures U.S., Inc. ("IFUS" or "Exchange") submits by written certification amendments to the Bylaw Annexes and the Rules which relate to the discontinuance of open outcry trading on the Exchange, as set forth in Exhibits A and B.

Commencing with the open of trading for trade date October 22, 2012, open outcry trading will no longer be conducted for any Exchange contracts, although the trading floor will remain open to members as a venue from which they can conduct proprietary trading and receive customer orders for execution on the screen. As a result, many of the current rules associated with open outcry execution will become obsolete, while others such as those relating to the acceptance of customer orders on the trading floor and related recordkeeping and trade practice provisions, will continue to be applicable to those members who continue to use the Exchange's trading facility. Exhibit B contains the deletions from the Rules, and covers such topics as clearing member default guarantors for open outcry trades, execution of cross trades by open outcry, and trading floor decorum and discipline.

In addition, Exhibit A contains deletions of provisions in Bylaw Annexes A-C relating to side-by-side trading of contracts in both electronic and open outcry mode, the fees and permitted surcharges associated with such trading and similar provisions that have likewise become obsolete over time or will become inapplicable when trading is fully electronic. The Exchange also has eliminated most of the Definitions in Annex D of the Bylaws, as they are largely duplicative of definitions contained in the Definitions chapter of the Exchange Rules, and has made conforming changes to Annex E related to the discontinuance of open outcry trading.

Certifications

The Exchange certifies that the amendments comply with the requirements of the CEA and the rules and regulations promulgated thereunder.

The Exchange is not aware of any substantive opposing views expressed by members or others with respect to the amendments, which were adopted by a supermajority of the Board upon the recommendation of the Public Directors. The Exchange further certifies that, concurrent with this filing, a copy of this submission was posted on the Exchange's website at (<https://www.theice.com/notices/RegulatoryFilings.shtml>).

If you have any questions or need further information, please contact me at 212-748-4083 ([Audrey.hirschfeld@theice.com](mailto:Audrey.hirschfeld@theice.com)).

Sincerely,

A handwritten signature in purple ink, reading "Audrey R. Hirschfeld".

Audrey R. Hirschfeld  
Senior Vice President & General Counsel  
ICE Futures U.S, Inc.

Enc.  
cc: Division of Market Oversight  
New York Regional Office

## EXHIBIT A

### BYLAW ANNEX A

#### TRADING MEMBERSHIPS AND TRADING PERMITS

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##### Section 4. Transaction Fees.

(a) The Board of Directors may from time to time adopt resolutions that impose fees or charges for each Commodity Contract purchased or sold on the Exchange or subject to the Rules. In fixing the amount of any such fees or charges, the Board of Directors may, in its discretion, establish different rates for Transactions in different Commodity Contracts, or for different types of Transactions involving the same Commodity Contract, or may omit any such fees or charges with respect to any type of Transaction or may establish different rates based on such other factors as the Board of Directors may determine are appropriate. Such fees and charges shall be paid or collected by Persons in accordance with such terms and conditions as the Board of Directors may prescribe. If any Person fails to pay any fee or charge required pursuant to this Section, the Corporation may, in addition to any other rights or remedies it may have, order that any trading in Commodity Contracts for such Person's account be for liquidation only until such fees or charges are paid.

~~(b) Fees charged to any Person for electronic trading of "physical delivery" Core Products that were listed for trading as of September 14, 2006 shall be at least \$1.00 more than the fees charged to such Person for open outcry trading of such Core Products. In the case of NYBOT Members and NYBOT Member Firms, such fees shall be set after taking into account the discount provided in Section 4(a) of Annex B. The restriction provided in the first sentence of this subsection (b) shall not apply to fees related to bona fide market maker programs.~~

~~(c) In the event either (i) the Chicago Mercantile Exchange, Inc., the Board of Trade of the City of Chicago, Inc., the New York Mercantile Exchange, Inc., Eurex Frankfurt AG / Eurex Zurich AG, or Euronext.LIFFE, or in any such case one of their affiliates or successors, introduces a "physical delivery" contract after September 14, 2006 (and if such contract has been introduced prior to the Effective Time, such contract was not terminated or withdrawn prior to the Effective Time) that (x) has the same contract terms as a Core Product (other than immaterially different terms) or (y) has the same contract terms as a Core Product except that it is cash settled (other than any immaterially different terms) or (ii) the Board of Directors of ICE requests that the Public Directors determine whether the introduction of a "physical delivery" contract by another exchange is a Competitive Contract (as defined in Annex B to the Bylaws) with respect to a Core Product and the Public Directors, by a Required Public Director Vote, determine that such contract is a Competitive Contract, at the request of ICE, the Corporation will eliminate the \$1.00 amount specified in the preceding paragraph with respect to such Core Product and adjust the electronic trading fee.~~

(d) Subject to the other provisions of the Bylaws, the Exchange will trade any derivative of a contract for a Core Product (such as a Mini or Maxi Contract) proposed by ICE, unless the trading or clearance of such new contract would violate applicable laws or regulations, ~~and no such new contract shall be subject to the \$1.00 amount specified in paragraph (b) above. ICE may determine that any such Mini or Maxi Contracts are to be fungible and treated equivalently with Core Products.~~ The Exchange shall make all rule changes necessary to permit such new contracts to be traded and cleared, and shall cause the Clearing Organization to clear such derivative contracts in accordance with customary risk practices.

(e) Subject to the other provisions of the Bylaws, the Exchange will trade any new contract proposed by ICE that is not a derivative contract for a Core Product, unless the trading or clearance of such new contract would violate applicable laws or regulations or the Board of Directors determines that trading or clearing such new contract would materially and adversely affect the long-term business of the Corporation, without regard to how it may affect any other contract. The Exchange shall make all rule changes necessary to permit such new contracts to be traded and cleared, and shall cause the Clearing Organization to clear such new contracts in accordance with customary risk practices.

(f) Upon the request of ICE, the Exchange will trade all contracts traded by ICE or ICE Futures as of September 14, 2006 and all contracts for energy products traded by ICE or ICE Futures thereafter, unless the trading or clearance of such contracts would violate applicable laws or regulations, or violate any contract that the Exchange was a party to as of September 14, 2006, and which the Exchange remains subject to at the time such products are to be traded. The Exchange shall make all rule changes necessary to permit such contracts to be traded and cleared, and shall cause the Clearing Organization to clear such new contracts in accordance with customary risk practices.

\* \* \*

## **Section 8. Transferability of Trading Memberships and Trading Permits.**

(a) The acquisition, lease, transfer, sale or other disposition of Trading Memberships and Trading Permits shall be effected according to Annex B to the Bylaws, the Rules, Sections 1 and 2 hereof and this Section 8; provided, however, that (i) no Person may transfer his Trading Membership or Trading Permit where an arbitration proceeding is pending against such Person or where the Compliance Department has commenced an investigation into possible violations of the Rules by such Person, until such arbitration, investigation and any resulting disciplinary actions have been completed, (ii) no NYBOT Permit Holder may lease ~~an electronic Trading Permit right~~ and (iii) no Person may exercise, receive or confer any Member Firm rights, privileges or benefits through the lease of a Trading Membership (including, for the avoidance of doubt, a NYBOT Membership).

(b) Notwithstanding the provisions of paragraph (a) of this Section 8, the Chief Executive Officer may permit the transfer of a Trading Membership or Trading Permit if the transferor deposits with the Corporation an Official Teller's Check in an amount equal to the sum of (i) the price of the last sale or the last bid for such Trading Membership or Trading Permit, whichever

is higher, plus (ii) the market value of the shares of ICE Common Stock required pursuant to Section 1(a)(i) of this Annex A, in the case of a Trading Membership and the Corporation shall retain such deposit in its custody until such time as the investigation and any disciplinary actions have been completed, after which said deposit shall be disposed of as provided in the Rules.

(c) Each transferee of a Trading Membership or Trading Permit shall enter into such documentation as the Corporation may require from time to time, including without limitation a written acknowledgement that such transferee agrees to be bound by and subject to these Bylaws and the Rules.

(d) To the extent any attempted acquisition, lease, transfer, sale or other disposition of a Trading Membership or Trading Permit would be in violation of these Bylaws or the Rules, it shall be null and void *ab initio*.

#### **Section 9. Clearing.**

(a) ICE Clear U.S.<sup>®</sup>, Inc. is hereby designated as the Clearing Organization authorized to clear Transactions. The Board of Directors may from time to time designate one (1) or more additional clearing organizations as being authorized to clear any or all Transactions.

(b) In order to be eligible to be a member of ICE Clear U.S., Inc. (a "Clearing Member") after the Effective Time, a firm shall satisfy the requirements for Clearing Members set forth in the [Exchange Rules and the](#) rules of the relevant Clearing Organization.

(c) Subject to applicable law and CFTC requirements, the Corporation shall take such actions as are reasonably necessary to cause the organizational documents of ICE Clear U.S., Inc. not to be inconsistent with these Bylaws.

(d) Subject to the other provisions of these Bylaws, the Corporation shall take such actions as are reasonably necessary to cause ICE Clear U.S., Inc. to clear any derivative of a contract for a Core Product (such as a Mini or Maxi Contract) proposed by ICE, unless the trading or clearance of such new contract would violate applicable laws or regulations. ICE may determine that any such Mini or Maxi Contract is to be fungible and treated equivalently with Core Products. The Exchange shall make, and shall cause ICE Clear U.S., Inc. to make, all rule changes necessary to permit such derivative contracts to be cleared by ICE Clear U.S., Inc. in accordance with customary risk practices.

(e) Subject to the other provisions of the Bylaws, the Corporation shall take such actions as are reasonably necessary to cause ICE Clear U.S., Inc. to clear any new contract proposed by ICE that is not a derivative contract for a Core Product, unless the clearance of such new contract would violate applicable laws or regulations or the Board of Directors determines that clearing such new contract would materially and adversely affect the long-term business of the Corporation, without regard to how it may affect any other contract. The Corporation shall make, and shall cause ICE Clear U.S., Inc. to make, all rule changes necessary to permit such

new contracts to be cleared by ICE Clear U.S., Inc. in accordance with customary risk practices and to admit as Clearing Members all entities that then clear any such contracts.

## ANNEX B

### **ELECTRONIC TRADING; FEE DISCOUNTS**

~~The Corporation may conduct, or arrange for the conduct, of electronic trading on the Exchange as set forth in this Annex B, subject to the express limitations set forth herein.~~

~~**Side-by-Side and After-Hours Trading of Commodity Contracts.**~~

~~At any time, the Chief Executive Officer of the Corporation shall have the authority to cause the Corporation to implement side-by-side electronic trading (including after-hours electronic trading) with respect to any Commodity Contracts (other than any Commodity Contracts that have the same contract terms as Core Products except that they are cash-settled). In the event that the Corporation lists one of its Core Products for side-by-side electronic and open-outcry trading, the Corporation shall take all steps reasonably necessary to ensure that its settlement prices take full account of trades executed electronically with respect to such Core Product during relevant settlement periods. In the event that either (i) the Chicago Mercantile Exchange, Inc., the Board of Trade of the City of Chicago, Inc., the New York Mercantile Exchange, Inc., Eurex Frankfurt AG/Eurex Zurich AG or Euronext.LIFFE, or in any such case one of their affiliates or successors, introduces a “cash-settled” contract after September 14, 2006 (and if such contract has been introduced prior to the Effective Time, such contract was not terminated or withdrawn prior to the Effective Time) that has the same contract terms as a Core Product except that it is cash-settled (other than immaterially different terms) or (ii) the Board of Directors of ICE requests that the Public Directors determine whether the introduction of a “cash-settled” contract by another exchange is a Competitive Contract (as defined in this Annex B) with respect to a Core Product and the Public Directors, by a Required Public Director Vote, determine that such contract is a Competitive Contract, at the request of ICE, the Corporation will (a) implement side-by-side electronic trading (including after-hours electronic trading) with respect to such cash-settled version of a Core Product and/or (b) if such cash-settled contract is settled using Exchange prices, eliminate the \$1.00 amount specified in Section 4(b) of Annex A to the Bylaws with respect to the “physically-settled” contract for such Core Product and adjust the electronic trading fee; provided, however, with respect to clause (i) only, the Public Directors may reinstate such \$1.00 amount with respect to the physically-settled contract for such Core Product if they determine, by a Required Public Director Vote, that reinstating such \$1.00 amount would not reasonably be expected to give rise to a bona fide risk of loss of market share of the Corporation for such Core Product; and provided further that in no event shall the electronic trading fee for such physically-settled Core Product be lower than the open-outcry trading fee for such product, except in accordance with bona fide market making programs.~~

## **~~Section 2. Open-Outcry Trading of Futures Contracts on Core Products.~~**

~~The Corporation shall not terminate open-outcry trading of Futures Contracts that are Core Products until one of the following circumstances shall have occurred: (a) a Liquidity Event (as defined in Section 5 hereof) has occurred; (b) the Corporation's lease, existing as of the Effective Time, with respect to the Corporation's trading floor located at the World Financial Center, One North End Ave., New York, NY 10282, has expired or been terminated (other than as a result of a breach thereof by the Corporation or a voluntary termination thereof by the Corporation); or (c) (i) the Public Directors, by a Required Public Director Vote, recommend to the Board of Directors that such action be taken and (ii) such action is approved by a vote of at least two-thirds of the entire Board of Directors, determined as if there were no vacancies; provided, however, that the size of the entire Board of Directors for purposes of calculating the two-thirds vote required by (ii) shall exclude the number of Public Directors, if any, that are barred from voting on such matter due to that fact that such Public Director or a member of such Public Director's immediate family, directly or indirectly, has a financial interest in such matter; provided, further, however, that for this purpose, compensation paid by ICE to such Public Director for serving as a director of the Exchange shall not be deemed to be a financial interest. If any of the circumstances described in clause (ii) of the definition of "Liquidity Event" or clause (b) of this Section 2 shall have occurred, then all trading of Futures Contracts that are Core Products may be transitioned to fully electronic trading and all open-outcry trading of such Futures Contracts may be terminated. If any of the circumstances described in clause (i) of the definition of "Liquidity Event" shall have occurred, then all trading of Futures Contracts that are Core Products of the type triggering such clause may be transitioned to fully electronic trading and all open-outcry trading of such Futures Contracts may be terminated, but open-outcry trading of other Futures Contracts that are Core Products shall not be terminated on this basis. For so long as open-outcry trading of Futures Contracts that are Core Products has not been terminated pursuant to this Section 2, the Corporation shall (a) maintain an appropriate disaster recovery site, which is at least comparable to the Corporation's recovery site as of the Effective Time, to sustain open-outcry trading in the event the Corporation's trading floor is not available for such trading and (b) dedicate sufficient financial and technological resources appropriate to support and maintain trading on an open-outcry trading floor consistent with prevailing industry practices. Notwithstanding any other term of the Bylaws or any Annex thereto, the Corporation may terminate open-outcry trading of any Futures Contracts that are not Core Products by majority vote of the Board of Directors.~~

## **~~Section 3. Trading of Options on Core Products.~~**

~~The Corporation may terminate open-outcry trading of Options on Core Products if and when the Corporation may terminate open-outcry trading of the corresponding Futures Contract on the Core Product under Section 2 hereof.~~

## **~~Section 4. Discounts.~~**

~~Discount for Certain Trading. Notwithstanding anything to the contrary set forth herein, (i) NYBOT Members shall be entitled to a fee reduction of no less than 20% off the lowest fees~~

established by the Corporation and ICE Clear U.S., Inc., and charged to individuals who are not NYBOT Members (other than with respect to prices charged in connection with bona fide market making programs) and (ii) NYBOT Member Firms shall be entitled to a fee reduction of no less than 20% off the lowest fees established by the Corporation and ICE Clear U.S., Inc., and charged to entities that are not NYBOT Member Firms (other than with respect to prices charged in connection with bona fide market making programs). Such fee reductions shall apply with respect to Transactions constituting proprietary trading conducted by the Person entitled to the discount, solely for his, her or its own account, whether executed by open-outcry trading or electronic trading (but shall not include Transactions for customer or other accounts, whether or not such Person is affiliated with such other account through an ownership interest, control of trading in such account, or otherwise) with respect to any Existing Products;

#### Duration of Discount for Certain Electronic Trading.

Upon the transfer by a NYBOT Member of a NYBOT Membership, the discount for Transactions made via electronic trading shall terminate, provided, however, that (i) a transfer to an individual who confers privileges to a NYBOT Member Firm shall not be deemed a transfer for this purpose and (ii) the leasing of a NYBOT Membership to an individual shall not be deemed a transfer with respect to such NYBOT Member's rights under Section 4(a) of Annex B.

(ii) Upon the occurrence of a merger, acquisition, consolidation, assets purchase or similar non-recurring corporate transaction in which another entity (the "Acquiring Firm") becomes the successor in interest of a discrete line of business, or the entire business, of a NYBOT Member Firm (the "Acquired Business"), the Acquiring Firm shall be entitled to the fee reduction enjoyed by the NYBOT Member Firm immediately prior to such corporate transaction, but only with respect to Existing Products that formed an integral part of the Acquired Business immediately prior to the corporate transaction, and only to the extent that the Exchange-related activities conducted with the Acquired Business are the same as those regularly conducted by the NYBOT Member Firm immediately prior to the corporate transaction. In all other circumstances, the discount for Transactions made via electronic trading shall terminate to the extent that a corporate transaction results in an Acquiring Firm become the successor in interest of a discrete line of business, or the entire business, of a NYBOT Member Firm.

MFN for Electronic Trading. From and after the Effective Time, all NYBOT Permit Holders and Lessees shall be entitled to pay the lowest Exchange fee and ICE Clear U.S., Inc. fee for electronic Transactions in any Existing Product on the Exchange (a "MFN Discount"), but excluding for such purpose (i) any discount pursuant to Section 4(a) above, (ii) fees charged in connection with bona fide market making programs and (iii) in the case of Lessees, fees charged to NYBOT Permit Holders. Such MFN Discount shall apply with respect to Transactions constituting proprietary trading conducted by the NYBOT Permit Holder or Lessee solely for his or her own account (but shall not include Transactions for customer or other accounts,



whether or not the NYBOT Permit Holder or Lessee is affiliated with such other account, through an ownership interest, control of trading in such account, or otherwise). The entitlement to such MFN Discount expires upon the first transfer of a NYBOT Trading Permit or a NYBOT Membership, provided, however, that the leasing of a NYBOT Membership to an individual shall not be deemed a transfer for this purpose.

~~Section 5. Definitions.~~

~~A "Liquidity Event" shall mean, (i) with respect to a contract in a Core Product, the failure of the average daily open-outcry volume in futures (excluding EFPs, block trades or any other off-Exchange trade submitted to the Exchange) ("ADV"), as publicly reported by the Exchange pursuant to the Commodity Exchange Act and CFTC regulations and measured on a rolling 90-day basis, to equal at least 50% of the ADV in such contract for the comparable 90-day period in calendar year 2005; and (ii) with respect to all Core Products, in the aggregate, the failure to maintain open-outcry ADV, measured on the foregoing basis, equal to 50% of the aggregate ADV for all Core Products in calendar year 2005.~~

~~A "Competitive Contract" shall mean any contract listed by a competing exchange, after September 14, 2006, which the Public Directors, by a Required Public Director Vote, determine (i) has the same contract terms as a Core Product (other than any immaterially different terms) or (ii) has the same contract terms as a Core Product except that it is cash-settled (other than any immaterially different terms); and that, in either case, the failure of the Corporation to address and compete with such contract may be expected to give rise to a bona fide risk of a loss of market share (other than a temporary or immaterial loss) by the Exchange for such Core Product (for purposes of determining such market share, both physically settled and cash-settled versions of such Core Product shall be considered together). For the avoidance of doubt and without limitation, none of the following shall be considered immaterial terms of a contract wherever such term is referred to in the Bylaws and the Annexes thereto: grade of commodity, size of the contract, or delivery point for physical delivery of the contract.~~

## Annex C Trade Committees

The Corporation shall have one trade committee with respect to each of the Core Products (each, a “Trade Committee”).

### Section 1. Composition of the Trade Committees.

~~Until the Two Year Anniversary, e~~Each Trade Committee shall consist of such number of individuals as the Board shall determine, and shall consist of at least seven (7) and not more than twenty one (21) individuals who are actively engaged, or employed by a firm that is actively engaged, in trading the relevant Core Products, along with such other individuals as the Board may appoint. The Board shall endeavor to appoint to each Trade Committee representatives from diverse interests within the user community, such as the Core Product industry, FCMs, asset managers and other traders. The Chairman of the Board shall be an *ex officio* member of each Trade Committee without a right to vote. Each member of a Trade Committee shall serve for a one-year term, subject to reappointment in accordance with this Annex C. The Board of Directors may fix the end of directors’ terms to be coterminous.

(b) The Board shall appoint a Chairman for each Trade Committee. The Chairman of the Board of Directors may add to, or remove from, any Trade Committee such individual(s) as he deems necessary and appropriate until the next meeting of the Board, consistent with the composition requirements for such committee. All such interim changes shall be subject to ratification by the Board.

### Section 2. Meetings of the Trade Committees.

(a) Unless otherwise specifically provided in the Rules, regular meetings of Trade Committees shall be held on such date and at such time as the Trade Committee shall determine.

(b) The Chairman of any Trade Committee shall have the authority to call a special meeting of such Trade Committee to be held on such date and at such time as the Chairman shall determine.

(c) Notice of all meetings of Trade Committees may be in writing, by telephone, or by other means of communication. With the consent of the Chief Executive Officer of the Corporation, the Chairman of the Board may call a meeting on twenty-four (24) hour’s notice. The Chairman of the Board may call any other meeting on not less than two (2) Business Days’ notice before such meeting, which notice may be in writing served at the offices of the members of the Trade Committee, by telephone, by facsimile, by email or any other reasonable means of communication.

(d) Any action required or permitted to be taken by a Trade Committee may be taken without a meeting if the number of members of the Trade Committee necessary to take such action consent in writing to the taking of such action.

(e) Any one (1) or more members of a Trade Committee may participate in a meeting by means of a conference telephone or similar communications device allowing all Persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

### **Section 3. Quorum; Vote.**

(a) Unless otherwise specifically provided in the Rules, a majority of the entire Trade Committee shall constitute a quorum for the transaction of business by such Trade Committee.

(b) Unless otherwise specifically provided in the Rules, any action taken by a vote of a majority of the Trade Committee members present at a meeting at which a quorum is present shall be deemed to be a valid action of such Trade Committee.

### **Section 4. Scope of Authority.**

Each Trade Committee shall have and may exercise only the power or authority of recommending to the Board any modifications to the contractual terms and conditions and advising the Board with respect to such terms and conditions of any Core Product over which such Trade Committee has authority. For the avoidance of doubt, except as expressly set forth in this Section 4, Annex B to the Bylaws, and Section 16 of the Bylaws, no Trade Committee shall have the power or authority to prevent the implementation of a decision by the Board of Directors with respect to, or make or reject, any proposed changes with respect to any other Commodity Contract or other operations of the Exchange.

## **ANNEX D CERTAIN DEFINITIONS**

(The following definitions shall apply to the Bylaws and Annexes)

### **Affiliated Person**

The term "Affiliated Person" shall mean with respect to a Member Firm, an individual who is a general partner, director, officer, member (in the case of a limited liability company), executive employee or manager of such firm.

**Business Days**

~~The term "Business Day" shall mean any day other than Saturday, Sunday, or any day which the Board of Directors may designate as an Exchange holiday and on which the Exchange shall be closed; provided, however, that, whenever the Exchange's Dublin facility is open for trading on a day when the Exchange is closed for trading in New York or vice versa, such day shall constitute a "Business Day" within the meaning of the Rules only for the Commodity Contracts that are listed for trading on the facility that is open for trading on such day.~~

#### ~~CFTC~~

~~The term "CFTC" shall mean the Commodity Futures Trading Commission.~~

#### ~~Commodity~~

~~The term "Commodity" shall mean any and all goods, articles, services, rights and interests in which contracts for future delivery are presently or in the future dealt in, on or subject to the Rules.~~

#### ~~Clearing Organization~~

~~The term "Clearing Organization" shall mean ICE Clear U.S.<sup>®</sup>, Inc., a business corporation organized under the laws of New York.~~

~~Amended by the Board March 18, 2009; effective March 20, 2009.~~

#### ~~Commodity Contract~~

~~The term "Commodity Contract" shall include Futures Contracts, Options on Commodities or on Futures Contracts, and any other interests or instruments traded on or subject to the Rules.~~

#### **Core Products**

The term "Core Product" shall mean the following existing Commodity Contracts traded by the Exchange, as hereafter amended from time to time: **Coffee "C", Cocoa, Cotton No. 2, Sugar No. 11, Frozen Concentrated Orange Juice, NFC Orange Juice, and Sugar No. 14.**

#### **Disciplinary Rules**

The term "Disciplinary Rules" shall mean the rules and procedures governing the investigation of rule violations and the disciplining of any Person in connection with such violations, as set forth in the Corporation's Rules.

#### **Effective Time**

The term "Effective Time" shall mean the time that the Merger becomes effective.

#### ~~Exchange~~

~~The term "Exchange" shall mean the Corporation.~~

## Existing Product

The term "Existing Product" shall mean Commodity Contracts that are listed in Schedule II attached hereto.

## Floor Broker

~~The term "Floor Broker" shall mean any Person who has been granted floor trading privileges pursuant to the Rules.~~

## Former Member

The term "Former Member" means a holder of an equity membership in NYBOT immediately prior to the Effective Time.

## Former Permit Holder

The term "Former Permit Holder" means the holder of any right (other than the right held by a Former Member) to execute trades in specified Commodity Contracts on the Exchange immediately prior to the Effective Time pursuant to the rules or bylaws of NYBOT in effect immediately prior to the Effective Time.

## ~~Futures Commission Merchant or FCM~~

~~The term "Futures Commission Merchant" or "FCM" shall have the same meaning as defined in the Commodity Exchange Act.~~

## ~~Futures Contracts~~

~~The term "Futures Contract" shall mean any contract for the purchase or sale of a Commodity for future delivery that is traded on or subject to the rules of any exchange.~~

## ~~Lessee~~

~~The term "Lessee" shall mean an individual who leases a NYBOT Membership from the owner thereof pursuant to the Bylaws and the Rules.~~

## ~~Lessor~~

~~The term "Lessor" shall mean an individual who leases a NYBOT Membership of which he is the owner to another individual who thereby becomes the Lessee of such NYBOT Membership pursuant to the Bylaws and the Rules.~~

## ~~Member Firm~~

~~The term "Member Firm" means any partnership, corporation, limited liability company, sole proprietorship or other entity to which Exchange privileges have been conferred by a Trading Member who is an Affiliated Person of such firm in accordance with the Rules.~~

## Merger

The term "Merger" shall mean the business combination transaction in which Board of Trade of the City of New York, Inc. shall merge with and into the Corporation.

## **Mini or Maxi Contract**

The term "Mini or Maxi Contract" shall mean with respect to a Futures Contract any other contract having the same terms as such Futures Contract except that it has a standard size that is (i) in the case of a Mini Contract, one-half or less of the standard size of such Futures Contract as of September 14, 2006, provided that if the standard size of such Futures Contract is increased after September 14, 2006, the size of such Mini Contract shall be one-half or less of the standard size of such larger Futures Contract; and (ii) in the case of a Maxi Contract, two times or more (or, in the case of Sugar No. 11 and Sugar No. 14, three times or more) of the standard size of such Futures Contract as of September 14, 2006; provided that if the standard size of such Futures Contract is reduced after September 14, 2006, the size of such Maxi Contract shall be two times or more (or, in the case of Sugar No. 11 and Sugar No. 14, three times or more) of the standard size of such smaller Futures Contract.

## **~~NYBOT Member~~**

~~The term "NYBOT Member" shall mean an individual who has been granted one or more NYBOT Memberships pursuant to Section 1(a)(i) of Annex A to the Bylaws.~~

## **~~NYBOT Member Firm~~**

~~———— The term "NYBOT Member Firm" shall mean any partnership, corporation, limited liability company, sole proprietorship or other entity to which Exchange privileges have been conferred by a Trading Member who is an Affiliated Person of such firm in accordance with the Rules, provided that such firm was a Member Firm on September 14, 2006.~~

## **~~NYBOT Membership~~**

~~The term "NYBOT Membership" shall mean one of the Trading Memberships authorized to be issued pursuant to Section 1(a)(i) of Annex A to the Bylaws.~~

## **~~NYBOT Permit Holder~~**

~~The term "NYBOT Permit Holder" shall mean an individual who has been granted one or more NYBOT Trading Permits pursuant to Section 1(b)(i) of Annex A to the Bylaws.~~

## **~~NYBOT Trading Permit~~**

~~The term "NYBOT Trading Permit" shall mean the right to execute trades in specific Commodity Contracts granted pursuant to Section 1(b)(i) of Annex A to the Bylaws.~~

## **~~Option~~**

~~The term "Option" shall mean a contract or Transaction whereby one party grants to another the right, but not the obligation, to buy or sell a Commodity, or to buy, sell or enter into a Futures Contract.~~

## **~~Permit Holder~~**

~~The term "Permit Holder" means any holder of a Trading Permit.~~

## Person

~~The term “Person” shall mean an individual, corporation, partnership, limited liability company, sole proprietorship or other entity.~~

## Public Director

~~The term “Public Director” shall mean any person who qualifies as a “public” director within the meaning of the rules and interpretations issued by the CFTC from time to time for determining qualifications of public directors.~~

~~Amended by the Board September 8, 2010; effective September 14, 2010.~~

## Required Public Director Vote

The term “Required Public Director Vote” shall mean an affirmative vote of at least the number of Public Directors that is one less than the total number of Public Directors, determined as if there were no vacancies, eligible to vote on a matter but, in all cases, at least one Public Director; provided, that, no Public Director shall be eligible to vote on any such matter if such Public Director or a member of such Public Director’s immediate family, directly or indirectly, has a financial interest in such matter; provided, further, however, that for this purpose, compensation paid by ICE to such Public Director for serving as a director of NYBOT shall not be deemed to be a financial interest.

## Rules

~~The term “Rule” or “Rules” shall mean the rules of the Exchange, as in effect from time to time.~~

## Trade Committee

The term “Trade Committee” shall mean a Trade Committee that is organized in accordance with Section 1(b) of Annex C.

## Trading Member

~~The term “Trading Member” means a holder of a Trading Membership.~~

## Trading Membership

~~\_\_\_\_\_The term “Trading Membership” means the right, as expressly provided for in Section 1(a) of Annex A to these Bylaws, to buy and sell all or any one or more of the categories of Commodity Contracts authorized for trading on the Exchange (as may be determined by the Board of Directors of the Corporation in the case of Trading Memberships authorized pursuant to Section 1(a)(ii) of Annex A to these Bylaws), together with and subject in all respects to such other rights and obligations as are expressly provided in these Bylaws and the Rules, and shall include a NYBOT Trading Membership.~~

## Trading Permit

~~The term “Trading Permit” means any right (other than a Trading Membership), as expressly provided for in these Bylaws and the Rules, to buy and sell one or more specified Commodity~~

~~Contracts on the Exchange, together with and subject in all respects to such other rights and obligations as are expressly provided in these Bylaws and the Rules.~~

~~Transaction~~

~~The term "Transaction" shall mean any purchase or sale of any Commodity Contract made in accordance with the Rules.~~

## **ANNEX E CORE RIGHTS**

The amendment or repeal of the following shall constitute "Core Rights" as such term is used in the Bylaws of the Corporation:

### **I. Exchange Rules**

(a) The eligibility standards and criteria for becoming a NYBOT Member, NYBOT Permit Holder, or Lessee;

(b) The financial requirements applicable to a NYBOT Member, NYBOT Permit Holder, Lessee, and NYBOT Member Firm;

(c) The trading privileges authorized to each category of NYBOT Permit Holder and to NYBOT Members;

(d) The sale, leasing and transferability of rights applicable to NYBOT Memberships and NYBOT Trading Permits;

(e) The requirements applicable to obtaining Exchange floor trading privileges by NYBOT Members and NYBOT Permit Holders;

~~(f) Provisions of Chapter 4 of the Rules governing the mode of executing transactions by open-outcry on the trading floor;~~



(g) The eligibility requirements applicable to remaining a Clearing Member, to the extent that such Person was a Clearing Member prior to the Effective Time; and

~~(h) The rights and obligations of Clearing Members that act as guarantors of Floor Brokers, to the extent that Clearing Member so acted prior to the Effective Time.~~

Any of the Rules in (a)-(h) above shall be considered a Core Right and an amendment or repeal of any such Rules shall be considered a Core Right Amendment only to the extent such Rule is applicable to Core Products and only to the extent that any such amendment or repeal of such Rule (i) with respect to open-outcry trading of a Core Product, would materially and adversely affect the rights of NYBOT Members, NYBOT Permit Holders, NYBOT Member Firms, Lessees or the Clearing Members referenced in (g) and (h) above or (ii) otherwise would materially and adversely affect the rights referenced in Part II of this Annex F of NYBOT Members, NYBOT Permit Holders, Lessees, NYBOT Member Firms or the Clearing Members referenced in (g) and (h) above.

## II. Bylaws and Annexes

The provisions of the Bylaws and Annexes to the Bylaws pertaining to the composition of the Board of Directors, NYBOT Memberships, NYBOT Member Firms, and NYBOT Trading Permits, ~~the limitations on electronic trading of Core Products, for so long as open-outcry trading is required under the Bylaws, maintaining a disaster recovery site for open-outcry trading under Annex B and dedicating financial and technical resources to support and maintain open-outcry trading as set forth in Annex B,~~ the Transaction fees and discounts set out in ~~paragraphs (b) and (c) of Section 4 of Annex A to the Bylaws and in Section 4 of~~ Annex B to the Bylaws, eligibility to be a Clearing Member and Trade Committee composition.

## EXHIBIT B

### MEMBERSHIP RULES

#### CLEARING MEMBERS AND GUARANTORS

~~Rule 2.15. — Reserved~~

~~Rule 2.16. — Qualification for Guarantors, Procedure and Guarantee Termination~~

~~(a) A Clearing Member in good standing may become a guarantor of any Trading Member, Permit Holder or Lessee upon approval by the Exchange for all Trades executed by open outcry by such Trading Member, Permit Holder or Lessee. To be so approved, a Clearing Member must file with the Exchange an agreement, in the form provided by the Exchange, whereby the guarantor agrees:~~

~~(i) to accept for clearance any Transaction effected by the Guaranteed Member by open outcry on or subject to the Rules, when and as provided in the Rules or the Clearing Organization Rules;~~

~~(ii) to duly and timely pay:~~

~~(A) any Claim by any present or future Member against the Guaranteed Member arising from any order or Transaction for the purchase, sale, exercise or expiration of a Commodity Contract executed by open outcry, or to be executed by open outcry, on the Exchange or subject to the Rules, or arising from cash market transactions which are part of, or directly connected with, any Transaction executed by open outcry on the Exchange or subject to the Rules; and~~

~~(B) any Claim by the Exchange or the Clearing Organization against the Guaranteed Member (other than for assessments, dues or fines imposed pursuant to the Exchange's Disciplinary Rules), arising under the Rules or Clearing Organization Rules; and~~

~~(iii) to timely comply with the provisions of the Rules applicable to guarantor and to furnish such information as the Exchange may from time to time request.~~

~~(b) The Exchange shall (when it deems the application to be complete) either approve the application or refer the application to the Membership Committee for action with a recommendation either to approve or disapprove the same. The Exchange and the Membership Committee may consider any factors which they deem in the best interests of the Exchange, including the number of Persons guaranteed by the applicant on other exchanges and any other factors set forth in the Rules which may be conditions for denial of an application for Membership.~~

~~(c) A guarantor may terminate its guarantee of a Guaranteed Member by serving upon the Exchange and the Guaranteed Member written notice of such termination. Such notice shall indicate the effective time and date of termination provided, however, that in no event may a guarantee be terminated prior to the Exchange's receipt of such notice and communication of such termination to the Members in accordance with this Rule. Except as provided in paragraph (d) hereof, a guarantee shall remain in full force and effect until the effective time and date indicated in such notice. At the effective time and date of termination, the affected Guaranteed Member's floor trading privileges shall be suspended immediately and shall be reinstated upon approval of a new guarantor.~~

~~(d) Without limiting any other provisions of the Rules, if at any time the Member Firm privileges of a guarantor on the Exchange are suspended, terminated or canceled, or if a guarantor shall cease to be or~~

~~shall be suspended as a Clearing Member of the Exchange, or if a guarantor shall be restricted by either the Exchange or the Clearing Organization to trading for liquidation only, all guarantees submitted to the Exchange by such guarantor shall automatically terminate.~~

~~(e) When a Guaranteed Member requests to change guarantor, the President or his designee (when he deems the application to be complete) may approve a new guarantor of such Guaranteed Member. If for any reason the President or his designee does not approve the new guarantor, the Membership Committee shall review the request and either approve or disapprove the application for the new guarantor. The Exchange shall notify the existing guarantor, if any, of requests to change guarantor by its Guaranteed Member at least five (5) Business Days prior to the effective date of such request.~~

~~(f) The Exchange shall promptly give notice to the Members of any termination of guarantee.~~

~~Amended by the Board September 11, 2007; effective September 13, 2007 [¶¶ (b) and (e)].~~

~~Amended by the Board September 8, 2010; effective December 13, 2010 [¶¶ (a) through (a)(iii)(A)].~~

~~Amended by the Board June 13, 2012; effective August 8, 2012 [¶ (a)].~~

#### **Rule 2.17. — Member Claims Not Recoverable Against Guarantor**

~~A Clearing Member guarantor shall not be obligated to pay any Claim based on any failure by the Guaranteed Member to perform, pay and discharge any of his obligations or liabilities, unless the Claimant had given the Clearing Member guarantor or the Exchange written notice of such Claim within four (4) Business Days after such Claim arose. The Exchange shall notify the Clearing Member guarantor promptly upon receipt of any such notice of Claim. For purposes of this Rule, a Claim shall be deemed to arise on the first date that the Claimant has the right to receive payment (without regard to any extensions of time granted by the Claimant) from the Guaranteed Member, whether or not any demand for such payment is made.~~

## **FLOOR TRADING PRIVILEGES**

### **Rule 2.18. Qualifications and Requirements for Floor Trading Privileges**

(a) To be eligible to receive and hold floor trading privileges a Person must:

~~(i) Be an individual NYBOT Member, NYBOT Permit Holder or Lessee in good standing, and guaranteed by a Clearing Member in accordance with Rule 2.16; and~~

~~(ii) Comply with the application and approval procedures for the granting of floor trading privileges; and~~

~~(iii) Be sponsored by two (2) NYBOT Members who have been granted floor trading privileges and have been NYBOT Members for at least six (6) months preceding the date of the applicant's application for floor trading privileges; and~~

~~(iiv) Attend an ethics course as required by CFTC or National Futures Association regulations; and~~

~~(iiiv) Attend a sexual harassment awareness course sponsored by or acceptable to the Exchange as may be determined by the President, in his sole discretion; and~~

~~(ivi) Prior to being granted floor trading privileges, successfully complete the Exchange's Floor Trading course; provided, however, that the Executive Floor Committee may, in its sole discretion, waive any part, or all, of such training course for a particular Member.~~

### **Rule 2.19. Application**

(a) A Person applying for floor trading privileges must file with the Exchange an application for floor trading privileges in the form supplied by the Exchange, ~~accompanied by an unconditional guarantee by a Clearing Member and a sponsor statement from two (2) NYBOT Members who have been granted floor trading privileges and have been NYBOT Members for at least six (6) months preceding the date of the applicant's application for floor trading privileges.~~

(b) Incomplete applications shall be kept on file for two (2) months; thereafter, such applications shall be deemed withdrawn and an applicant must submit a new application.

#### **~~Rule 2.20. Notice of Application Reserve~~**

~~The name of each applicant for floor trading privileges shall be posted on the Member Page of the Exchange's website or otherwise sent to all Members at least five (5) days prior to the applicant being granted floor trading privileges by the Executive Floor Committee pursuant to Rule 2.21.~~

#### **Rule 2.21. Granting of Floor Trading Privileges**

(a) The Executive Floor Committee or the Exchange will review the information contained in the application to determine if the Person has met the requirements set forth in Rule 2.18, in its discretion, ~~whether the applicant has adequate experience to warrant floor privileges. In so doing, the Committee will consider the following factors:~~

~~(i) The extent and nature of prior experience on the Trading Floor as either a Floor Broker or a Clerk.~~

~~(ii) The extent and nature of prior experience at other commodities or securities exchanges as a floor broker or a clerk.~~

~~(iii) The extent and nature of business experience in dealing in the physical commodities traded on the Exchange.~~

~~(iv) Compliance with such additional requirements, if any, as the Board may prescribe for trading Exchange Options.~~

~~(b) If in any case the Executive Floor Committee concludes that, in order for an applicant to be eligible for floor privileges, such applicant should spend some period of time as an observer on the Floor of the Exchange, the Executive Floor Committee may specify such period and so advise the applicant.~~

~~(c) In order for an applicant to gain access to the Trading Floor, the applicant must have one (1) of his sponsors sign the applicant onto and off the Trading Floor and sign an agreement with the Exchange in which such sponsor agrees to supervise the applicant and be fully responsible for any and all actions of the applicant while the applicant is on the Trading Floor.~~

~~(d) If in any case the Executive Floor Committee concludes that, in order for an applicant to be eligible for floor trading privileges, such applicant should spend some period of time receiving individual instruction, the applicant's sponsors shall be responsible for providing such instruction and reporting back to the Committee.~~

~~(e) The Executive Floor Committee will decide whether or not to grant the application, based upon the information contained in the application and such other matters as the Committee may consider relevant. The Committee decision shall be the final action of the Exchange.~~

~~(f) In the event the Committee grants the application, the six (6) month period following the effective date of said grant shall be deemed a probationary period. During said probationary period, the Executive Floor Committee may, extend said probationary period, or revoke or suspend such applicant's floor trading privileges.~~

~~(g) None of the provisions of this Rule 2.21 shall apply to temporary floor trader's identification badges issued solely to authorize the effectuation of an "AA" or "EFP" Transaction.~~

~~(h) A Member who has been granted floor trading privileges and is changing his type of Membership shall not be required to re-apply for floor trading privileges, but, if the Member's floor trading privileges are restricted or extended by virtue of the change in type of Membership, the Exchange will announce to the Trading Floor the change in floor trading privileges.~~

~~(i) A Member, who had been granted floor trading privileges prior to transferring his sole Membership and is readmitted to Membership pursuant to Rule 2.03, shall have such floor trading privileges reinstated on the effective date of the Member's readmission.~~

~~(j) the powers of the Executive Floor Committee pursuant to paragraphs (a), (b) and (c) of this Rule may be delegated to one committee member who is appointed by the Chairman of the Executive Floor Committee, in his sole discretion.~~

## **NYBOT MEMBERSHIP LEASING AND TRANSFERS**

### **Rule 2.23. NYBOT Membership Leasing**

(a) A NYBOT Membership may be leased to an individual, who has been granted floor trading privileges pursuant to Rule 2.21, in accordance with this Rule. A leased NYBOT Membership may be utilized for the limited purpose of trading on the Trading Floor in the Commodity Contracts the NYBOT Membership being leased would permit the Lessor to trade and in such other Commodity Contracts as may be specified by the Board from time to time. The Rules governing qualification for and maintenance of the NYBOT Membership shall apply in the case of any such Lessee.

\* \* \*

~~(v) A lease shall not become effective until it has been approved by the Exchange. Upon the Merger, as such term is defined in the Bylaws, all approved leases of extinguished equity memberships shall be deemed to apply to the NYBOT Memberships issued with respect to such equity memberships, and the Lessor and Lessees thereunder shall continue to be bound by such leases until the leases terminate or are terminated pursuant to the terms thereof.~~

(vi) The Lessor shall not be permitted to sell or transfer the leased NYBOT Membership unless otherwise specifically provided in the lease.

(vii) The Lessee shall not be entitled to exercise the rights or receive the benefits described in clauses (1) and (2) below on the basis of the leased NYBOT Membership:

(1) confer Member Firm privileges based upon the leased NYBOT Membership; or

(2) solicit, or accept an order from or execute a Transaction for any other Person unless the Lessee is a partner, shareholder or employee of a Member Firm.

(viii) Lessors and Lessees may serve on Exchange committees to the extent allowed by the Rules.

(d) Termination of Lease

\* \* \*

(ii) A Lessee's floor trading privileges shall automatically be suspended ten (10) calendar days prior to the effective date of termination of a lease. If a Lessee enters into a new lease for a NYBOT Membership that has been approved by the Exchange, or a NYBOT Membership is transferred to the Lessee within forty-five (45) calendar days following receipt of notice of termination by the Exchange, the Lessee's floor trading privileges shall be reinstated on the effective date of the new

lease or of the transfer of such NYBOT Membership to the Lessee. A Lessee who has had floor trading privileges suspended hereunder shall incur a change of status fee which must be paid to the Exchange prior to the reinstatement of such privileges.

(iii) A lease shall automatically terminate upon the suspension or expulsion of the Lessor, the revocation of the leased NYBOT Membership as a result of the disposition of the Required Shares relating to the NYBOT Membership, or the suspension, expulsion or death of the Lessee. The Lessor shall give the Lessee and the Exchange at least fifteen (15) calendar days prior written notice of any disposition of the Required Shares relating to any leased NYBOT Membership.

[REMAINDER OF RULE UNCHANGED]

## NYBOT MEMBERSHIP SALES AND TRANSFERS

### Rule 2.24 Security Interest in Disposition of Proceeds from Sale of a Membership

(a) In becoming a NYBOT Member, each NYBOT Member grants to the Exchange for the benefit of the Exchange, the Clearing Organization, the Clearing Members and all other Members, a security interest in the Required Shares that he owns to satisfy the NYBOT Membership requirements of Section 1(a)(i) of Annex A to the Bylaws and the proceeds thereof, for the purpose of securing such Member's obligations under the Rules, including, without limitation this Rule 2.24. In the case of a NYBOT Member who is a party to an approved A-B-C Agreement with a Member Firm, the Member Firm may grant the required security interest in the Required Shares on behalf of the NYBOT Member. Each NYBOT Member (and Member Firm, if applicable) shall execute such documentation as may be required by the Exchange to evidence such security interest.

(b) The distribution by the Exchange of the proceeds from the sale of a NYBOT Membership and the corresponding Required Shares or of funds deposited with the Exchange pursuant to Rule 2.26(b) shall be made as follows:

~~(i) First, in satisfaction pro rata of any amounts which have been determined to be payable out of such proceeds or funds to the Clearing Member guarantor of the Member whose NYBOT Membership has been sold for Claims arising directly from (A) any payment by such guarantor pursuant to the Clearing Member guarantee, (B) the clearance by such guarantor of any Transaction executed by such Member by open outcry on the Exchange or subject to the Rules, or (C) a documented loan made to the Member by the Clearing Member guarantor for the express purpose of acquiring the NYBOT Membership.~~

(ii) ~~First, Second,~~ in satisfaction pro rata of any amounts which have been determined to be payable out of such proceeds or funds to other Members pursuant to paragraph (b) of this Rule with respect to Allowable Claims against the Member whose NYBOT Membership has been sold; provided however, that no partner shall share in the proceeds from the sale of a NYBOT Membership and corresponding Required Shares of one of his partners or in funds deposited by such partner with the Exchange pursuant to Rule 2.26(b), and no member of a limited liability company shall share in the proceeds of the sale of a NYBOT Membership and corresponding Required Shares of one of the members of such limited liability company or in funds deposited by such member with the Exchange pursuant to Rule 2.26(b), until all Allowable Claims filed by other Members and amounts owing to the Exchange and the Clearing Organization as provided in subparagraph (iii) have been satisfied in full;

(iii) ~~Third~~Second, in satisfaction pro rata of any amounts that may be due to the Clearing Organization and the Exchange for dues, assessments, fees or fines; and

(iiiiv) ~~Third~~Fourth, to the person whose NYBOT Membership was sold, or to his legal representatives or assigns, upon the execution and delivery to the Exchange of a release or releases in form and substance satisfactory to the Exchange.

[REMAINDER OF THE RULE UNCHANGED]

#### **Rule 2.26. Sole Membership Transfer Procedure**

(a) If a NYBOT Member wishes to transfer a NYBOT Membership and such Membership is the only NYBOT Membership owned by such Member, such Membership shall not be transferred unless and until:

(i) a "Notice of Intention to Transfer" signed by the NYBOT Member or his legal representative shall be given to the Exchange at least fifteen (15) days prior to the intended effective date of the proposed transfer. Such notice shall include the date on which the NYBOT Membership rights and privileges of the transferor shall cease and the date on which the transfer is to become effective. A NYBOT Membership subject to the provisions of an A-B-C Agreement may not be transferred unless and until the Member Firm that is party to such agreement submits written notice to the Exchange acknowledging notification of such transfer. The Exchange shall notify the Members of the receipt of such Notification of Intention to Transfer no less than ten (10) days prior to the intended effective date of such transfer by posting such notice on the Member Page of the Exchange's website;

(ii) Any investigation commenced by the Compliance Department with respect to such Member has been concluded and any resulting disciplinary actions have been completed;

~~(iii) All Claims of the Clearing Member guarantor of such Member, if any, arising directly from (A) any payment by such guarantor pursuant to the guarantee, or (B) the clearance by such Clearing Member guarantor of any Transaction executed by such Member by open outcry on the Exchange or subject to the Rules, which in either case are filed with the Exchange within ten (10) days after the Exchange has posted notice of the receipt of the Notice of Intention to Transfer on the Member Page of the Exchange's website, have been paid or resolved in accordance with the Rules;~~

(iiiiv) All Allowable Claims of Members against such Member filed with the Exchange within ten (10) days after the Exchange has posted notice of the receipt of the Notice of Intention to Transfer on the Member Page of the Exchange's website, have been paid or resolved in accordance with the Rules; and

(iv) All dues and assessments levied by the Clearing Organization or the Exchange with respect to the NYBOT Membership sought to be transferred have been paid and all fines and fees imposed or charges assessed by the Clearing Organization or the Exchange against the NYBOT Member whose NYBOT Membership is to be transferred have been paid in accordance with the Rules.

(b) Notwithstanding the fifteen-day requirement in subparagraph (a)(i) of this Rule, subject to the approval of the President, a Notice of Intention to Transfer a Membership may be given to the Exchange less than fifteen (15) days prior to the intended effective date of the transfer and the conditions set forth in subparagraphs (a)(ii)-(v) need not be complied with, if the transferor deposits with the Exchange an Official Teller's check or similar instrument issued by a bank or such other financial institution as is acceptable to the Exchange payable to the order of the Exchange in an amount equal to the price of the last sale of a Membership of the same type as the Membership sought to be transferred or the last bid for such a Membership, whichever is higher, plus (ii) the market value of the Required Shares

corresponding to the Membership to be transferred. Upon receipt by the Exchange of such deposit the Membership may be transferred. The Exchange shall retain such deposit in its custody either for fifteen (15) days, or until such time as the provisions of paragraph (a) have been satisfied, whichever is longer. Such deposit shall be paid and applied in accordance with the provisions of Rule 2.24.

#### **Rule 2.28. Duties of All Members**

(a) Each Member shall immediately notify the Exchange in writing at such time as he becomes aware of the occurrence of any of the following events:

(i) Election to or acquisition of membership in any other commodity or security exchange, or the acquisition of trading privileges thereon, or election to membership in any other self-regulatory organization;

(ii) Any material adverse change in financial condition;

(iii) Any material change in the Member's relationship with a guarantor;

\* \* \*

(vi) Any conviction, finding of guilt, confession of guilt, plea of guilty or nolo contendere to a felony or misdemeanor charging misrepresentation, fraud, deceit, theft, embezzlement, gambling, conversion, abuse of a fiduciary relationship or other such act;

(vii) The issuance of a bar by any agency of the United States from contracting with the United States;

(viii) The commencement, by the issuance or service of a written complaint (or its equivalent), of any judicial, administrative or self-regulatory proceeding, as the case may be, against such Member by the CFTC, the Securities and Exchange Commission, the securities commission or equivalent authority of any state, territory, the District of Columbia or foreign country, or any commodity or securities exchange or related clearing organization, the National Futures Association, the National Association of Securities Dealers, or any self-regulatory organization or other business or professional association;

(ix) Any change in the office where papers may be served upon the Member or any change in the Exchange liaison designated pursuant to subparagraph (b) hereof;

(x) If an individual Member is employed by another Member ~~who is the guarantor of such individual Member or~~ upon whom such individual Member confers Membership privileges, any material change in the status of such individual Member's employment, including without limitation any termination, voluntary or otherwise, of his employment by such other Member; or

[REMAINDER OF RULE UNCHANGED]

#### **Rule 2.30. Reserved**

#### ~~Rule 2.31. Duties of Guaranteed Member~~

~~Each Guaranteed Member shall notify his guarantor in writing of every commodity account which he maintains for carrying Trades executed by open outcry and the name of the Futures Commission Merchant maintaining that account, whether such account is maintained with a Member or non-member.~~

~~Amended by the Board September 8, 2010; effective December 13, 2010.~~



**Rule 2.32. ~~Duties of all Members to Clearing Member Guarantors~~**

~~(a) No Member that is an FCM shall open or accept Trades executed by open outcry for an account for any Guaranteed Member without first obtaining the written authorization from the guarantor authorizing such Firm to open an account and accept Trades for such Guaranteed Member. Any Trades executed by open outcry and accepted for a Guaranteed Member without such authorization as specified hereunder shall release such Guaranteed Member's guarantor from any responsibility or liability for such accepted Trades.~~

~~(b) To facilitate compliance with this Rule, the Exchange shall publish from time to time a list of all Guaranteed Members.~~

~~Amended by the Board September 8, 2010; effective December 13, 2010 [¶ (a)].~~

**Rule 2.38. Exchange Trading Permits**

(1) Authorization

(a) The Board of Directors may issue the following NYBOT Trading Permits:

(i) FINEX<sup>®</sup> Trading Permits, which authorize the Permit Holder to trade Financial Contracts and Index Contracts;

\* \* \*

(d) Notwithstanding the above, a Permit Holder, who is also registered with the CFTC as an associated person, may submit to the Exchange's electronic trading system trades for customer accounts in Commodity Contracts which are not authorized by the particular type of Permit held, subject to compliance by the associated person with all applicable law.

(e) Notwithstanding the above, a Permit Holder who is also registered with the CFTC as a floor broker, is authorized to submit to the Exchange's electronic trading system from the Trading Floor, trades for customer accounts in Cash Settled US Agricultural Futures and Options Contracts.

**Rule 2.39. Market Specialists**

From time to time, the Exchange may adopt one or more Market Specialist or Liquidity Provider Programs pursuant to which the program participant Market Specialists may be appointed and authorized to maintain two-sided markets for Commodity Contracts designated by the Board. To the extent that the terms of any such Market Specialist program may be in conflict with any Rules, such terms shall supersede such Rules; provided, however, that nothing in this Rule shall alter or waive a Member's responsibility to comply with provisions of the Act or the rules and regulations of the CFTC.

**Rule 3.22. Reserved Floor Committee**

~~(a) The Floor Committee shall be an Exchange Committee and shall consist of such number of Persons as the Board shall determine from time to time.~~

~~(b) The Floor Committee shall have such powers and perform such duties as are specified by the Board or as are provided in the Rules. Without limiting the generality of the foregoing, the Floor Committee, or any member thereof present on the Floor of the Exchange, shall have the power at any time, except during the opening and closing calls, to suspend trading in any one or more Commodity~~

~~Contracts for such time as in its or his discretion may be necessary to facilitate an orderly market; provided, however, that no such suspension shall be for a period exceeding five (5) minutes.~~

## RESOLUTIONS

### No. 1. Committee Service for Affiliated Persons

WHEREAS, the Board desires to foster representation on Exchange committees from diverse membership interests;

NOW, BE IT RESOLVED that:

Unless otherwise determined by the Board in a particular case, no two (2) members of the same committee of the Exchange may be Affiliated Persons of the same Person, except that any number of members of the same committee may be Affiliated Persons of the same securities exchange, securities or commodities clearing organization, registered securities association, trade association or self-regulatory organization [as that term is defined in CFTC Regulation 1.3(ee)], and any number of members of the Arbitration Committee, Business Conduct Committee, Control Committee, and Executive Floor Committee may be Affiliated Persons of the same Person. In the event that two (2) or more individuals shall be appointed to a committee in violation of this resolution, none of such appointments shall become effective. In the event that at any other time the appointment of an individual to a committee would result in a violation of this Resolution because any member of the same committee already holding office is an Affiliated Person of the same Person as such individual, such appointment shall not become effective.

[REMAINDER OF RESOLUTION UNCHANGED]

### Rule 4.03. Dual Trading Violations

(a) Prohibited Purchases. It shall be a violation of the Rules for any Person to purchase, ~~either on the ETS or in the open outcry~~ market, any Exchange Futures Contract or any Exchange Call Option or sell any Exchange Put Option for his own account or for any account in which he has any direct or indirect interest while holding an order of another Person for the same Commodity for the purchase of an Exchange Futures Contract or Exchange Call Option or sale of an Exchange Put Option, which is executable at the market price or at the price at which such purchase can be made for such Person's own account or for the account in which he has an interest.

(b) Prohibited Sales. It shall be a violation of the Rules for any Person to sell, ~~either on the ETS or in the open outcry~~ market, any Exchange Futures Contract or any Exchange Call Option or buy any Exchange Put Option for his own account or for any account in which he has any direct or indirect interest while holding an order of another Person for the same Commodity for the sale of an Exchange Futures Contract or Exchange Call Option or purchase of an Exchange Put Option, which is executable at the market price or at the price at which such sale can be made for such Person's own account or for the account in which he has an interest.

## ~~FLOOR TRADING~~ FLOOR RULES

### Rule 4.154. Hours ~~Exchange and~~ Trading Floor is ~~are~~ Open

Unless otherwise provided in the Rules or by the Board, the ~~Exchange and~~ Trading Floor shall be open for business daily, except on Saturdays, Sundays and Exchange Holidays, during such hours as the Board shall direct from time to time.

#### Rule 4.165. Trading Floor Access; Trading Restrictions; and Authorized Representation

(a) Access: Unless otherwise provided under the Rules, only the following individuals shall have access to the Trading Floor:

(i) A Member who has been granted floor trading privileges and wears his assigned Floor Broker identification badge in a prominent position at all times;

(ii) An employee of a Member who has been granted floor trading privileges duly registered as a Clerk by such Member, in accordance with procedures established by the Board, and wearing an authorized Exchange identification badge in a prominent position at all times while on the Trading Floor;

~~(iii)(A) A Member who has not been granted floor trading privileges who wears an authorized Exchange pass in a prominent position at all times while on the Trading Floor; provided, however, that such Member shall not exercise or attempt to exercise floor trading privileges, and shall not conduct a business on the Trading Floor or be permitted to stay on the Trading Floor for extended periods of time. For the purposes of this Rule, extended periods of time shall mean more than two (2) consecutive days or repeated and systematic visits.~~

~~(B) Relief from the foregoing restrictions may be granted in the sole discretion of the Executive Floor Committee upon request in writing by a Member. The request would explain the reasons for the request and a statement of what the Member will be doing on the floor, and an acknowledgment that the Member will not be exercising floor trading privileges;~~

(iv) A guest of a Member who has been granted floor trading privileges of the Exchange wearing an authorized visitor's pass in a prominent position at all times while on the Trading Floor; provided, however, that such guest shall not be permitted to make any Transaction, enter any order or execute any Trade during the course of any visit to the Exchange or its premises; provided, however, that, if any Senior Vice President of the Exchange determines that the presence of such guest on the Trading Floor is not in the best interests of the Exchange, such Senior Vice President may deny access to such guest.

(v) An Exchange employee wearing an authorized Exchange identification badge in a prominent position at all times while on the Trading Floor; and

(vi) CFTC officials and staff upon request wearing an authorized CFTC or Exchange identification badge in a prominent position at all times;

(b) Trading Restrictions: No one shall execute or attempt to execute any Transaction on the Floor of this Exchange except a Floor Broker of the Exchange who ~~;~~

~~(i) has been granted floor trading privileges pursuant to the Rules.;~~

~~(ii) has been assigned a trading identification number by the Exchange;~~

~~(iii) has been assigned by the Exchange and wears in a prominent position a Floor Broker identification badge issued to such Member in accordance with this Exchange's procedures; and~~

~~(iv) has adequate clerical assistance as determined by the Board.~~

~~(c) Authorized Representation: Each Member transacting business on the Trading Floor must have an authorized representative on the floor at least thirty (30) minutes prior to a market's opening, unless the President designates some other time, each Business Day to handle breaks and disputes. For this purpose, a non-member who is not employed by a Member is not an authorized representative of that Member.~~

(d c) Member Responsibility: A Member shall be subject to disciplinary action for any violation of the Rules committed by such Member's employees or guests.

**Rule 4.16. Transactions, Bids and Offers**

(a) Unless otherwise provided in the Rules, each Transaction, bid and offer for Commodity Contracts shall be:

(i) made competitively by open outcry in the appropriate trading ring during the authorized hours of trading;

(ii) understood to be for ten (10) Commodity Contract where no quantity is specified and a Floor Broker who fails to specify a quantity is obligated to accept a minimum of ten (10) Contracts;

(iii) open to the first (1<sup>st</sup>) Floor Broker immediately accepting such bid or offer;

(iv) binding upon the first (1<sup>st</sup>) Floor Broker accepting such bid or offer or part of such bid or offer at the price named by the bidding or offering Floor Broker; and

(v) deemed withdrawn if not immediately accepted.

(b) A bid or offer may be accepted for the whole or part of the quantity, but, in the case of simultaneous acceptances, a bid or offer for the whole quantity shall take precedence over that for part of quantity. No bid or offer for more than one (1) Commodity Contract may be limited to the acceptance to either all or none of the quantity being bid or offered.

(c) The acceptance of a bid or offer shall constitute a verbal contract between the Members that shall have the same standing, force and effect as a written contract and shall remain in effect until such time as the resultant Trade is matched in the Exchange's Trade Input System ("TIPS<sup>®</sup>").

(d) All Transactions executed between Associated Brokers must be executed pursuant to Rule 4.19, provided however, only the selling Floor Broker shall be responsible for complying with Rule 4.19(b)(iii).]

(e) In the absence of instructions from the principal to the contrary, a sell stop order shall become a market order when a Transaction or an offer is made at or below the stop price, and a buy stop order shall become a market order when a Transaction or a bid is made at or above the stop price.

(f) All Transactions (including Pass-Out Transactions) in Commodity Contracts shall be submitted to the Clearing Organization on the day entered into for clearance in accordance with the Clearing Organization Rules.

**Rule 4.17 Opening Call for Options Contracts Traded by Open Outcry**

(a) There shall be one (1) opening call for each Exchange Options Contract traded by open outcry commencing at the opening time listed in Rule 4.07. The Exchange shall determine, in its sole discretion, in what manner the opening call shall be conducted.

———— Amended by the Board June 13, 2012; effective August 8, 2012 [¶ (a)].

**Rule 4.18. Closing Call for Options Contracts Traded by Open Outcry**

(a) Cocoa, Coffee "C" and Sugar No. 11 Options Contracts

~~(i) The two (2) minute period used to determine settlement prices shall be defined as the closing period for Cocoa, Coffee “C” and Sugar No. 11 Options Contracts traded by open outcry.~~

~~(ii) No Member may accept an order for the contracts referred to in paragraph (a) of this Rule at any time during the day specifying execution of such order at a time certain which falls within the closing period.~~

~~(b) Cotton No. 2 and FCOJ~~

~~(i) The one (1) minute period used to determine settlement prices shall be defined as the closing period for the Cotton No. 2 and FCOJ Contracts traded by open outcry.~~

~~(ii) Any Cotton No. 2 Options stop order of any type that is first elected during the close and any market-if touched (“MIT”) order that is first executable during the closing period shall be deemed accepted by the Floor Broker and given by the principal on a “not held” basis. Floor Brokers must always act diligently with respect to any orders they accept including, but not limited to, such stops and MITs in accordance with the Rules.~~

~~(c) To facilitate the operation of this Rule, a warning signal shall be given at the commencement of the closing period and at the close of trading in each contract. Trading during the closing period for each contract shall be conducted under the provisions of Rule 4.03.~~

~~Amended by the Board January 24, 2007; effective January 30, 2007 [¶ (a)].~~

~~Amended by the Board September 11, 2007; effective September 28, 2007 [¶ (a)(i)].~~

~~Amended by the Board October 10, 2007; effective October 17, 2007 [¶ (a)(i)].~~

~~Amended by the Board February 13, 2008; effective March 3, 2008 [¶¶ (a)(i)(ii) and (b)(i)(ii)(iii)].~~

~~Amended by the Board March 21, 2012; effective May 1, 2012 [¶¶ (b)(i) and (b)(iii)].~~

~~Amended by the Board June 13, 2012; effective August 8, 2012 [¶¶ (a)(i) and (b)(i)].~~

#### **Rule 4.19. Open Outcry Trading Hours**

(a) Unless otherwise directed by the Board, the open outcry trading hours of the Exchange shall be as follows:

(i) ~~Agriculture Contracts Trading Hours~~

<del>CONTRACT</del>	<del>OPEN</del>	<del>CLOSE</del>
<del>Cocoa Options</del>	<del>8:00 AM</del>	<del>1:00 PM</del> <del>Closing period commences at 11:48 AM and ends at 11:50 AM</del>
<del>Coffee “C” Options</del>	<del>8:00 AM</del>	<del>1:30 PM</del> <del>Closing period commences at 1:28 PM and ends at 1:30 PM</del>
<del>Cotton No. 2 Options</del>	<del>10:30 AM</del>	<del>2:15 PM</del> <del>—Closing period commences at 2:14 PM and ends at 2:15 PM</del> <del>—Pre Close commences at 2:00 PM</del>
<del>FCOJ Options</del>	<del>10:00 AM</del>	<del>1:30 PM</del> <del>—Closing period commences at 1:29 PM and ends at 1:30 PM</del> <del>—Pre Close commences at 1:15 PM</del>
<del>Sugar No. 11 Options</del>	<del>8:10 AM</del>	<del>1:30 PM</del> <del>—Closing period commences at 1:28 AM and ends at 1:30 PM</del>

~~(b) Except as provided in the Rules, no Member may trade or offer to trade in Commodity Contracts on the Floor of the Exchange after the close of open outcry trading in the respective markets.~~

#### **Rule 4.20. Post Close Trading Session**

~~The Exchange will conduct a post close trading session for each Exchange Options Contract traded by open outcry as follows:~~

~~(a) Commencement — The post close trading session will begin five (5) minutes after the close or closing period for each Cocoa, Coffee “C”, Cotton No. 2, FCOJ and Sugar No. 11 Options Contract. Notwithstanding the foregoing, if necessary due to market conditions, any two (2) or more members of the Floor Committee shall have the authority to delay the commencement of any post close trading session up to fifteen (15) minutes after the closing period for the corresponding contract provided that an appropriate announcement is made to the ring.~~

~~(b) Length of Session — Each post close trading session will be for a period of three (3) minutes.~~

~~(c) Price~~

~~(i) The Trade price of all Exchange Futures Transactions executed during the post close trading session shall be limited as follows:~~

~~(A) if a daily price range has been established for a particular expiration or delivery month, the prices are limited to the daily price range for that particular expiration or delivery month; or~~

~~(B) if a daily price range has not been established for a particular expiration or delivery month, that particular expiration or delivery month may not trade during the post close trading session.~~

~~(ii) The Trade price of all Exchange Options Transactions executed during the post close trading session may create a new high or low for the trading day and shall not be subject to any price limitations.~~

~~(iii) The prices of all Transactions executed during the post close trading session must be reported in accordance with Rule 4.25(a).~~

~~(d) Notwithstanding the provisions of Rule 4.19(b)(i), if the post close trading session Trade price is limited to a single price, a Floor Broker may execute a cross trade at such single Trade price as long as such Transaction is executed in accordance with all of the other provisions of Rule 4.19.~~

~~(e) Except as otherwise specifically set forth in this Rule, all Transactions executed during the post close trading session shall be done in accordance with all applicable Rules.~~

~~(f) Notwithstanding the above, in the even that a trading halt pursuant to Rule 10.53 is declared for Cotton Options contracts, a post close trading session shall be held within ten (10) minutes of the time the trading halt is declared and for a period of three (3) minutes. During such post close trading session, trading shall be restricted to Option Spread Transactions pursuant to Rule 4.22 and Combination Transactions pursuant to Rule 4.23. The price of each such Transaction must be within the synthetic futures price range for the related Underlying Futures Contract on such day.~~

#### **Rule 4.21. Transactions Not at the Market Price**

~~Transactions made in any month at a price above that at which such month is offered or below that at which such month is bid, unless such bid or offer is timely satisfied, shall not be deemed made at the market price for such month, and shall not be reported or recorded in the trade register.~~

#### **Rule 4.22. Confirmation of Trades**

~~Each Floor Broker shall confirm every execution of a Transaction on the floor promptly with the opposite Floor Broker. Such confirmation shall identify price, quantity and future (in the case of a Combination Transaction) or Option.~~

#### **Rule 4.23. Resolution of Disputes/Price Changes**

~~(a) Any one (1) or more members of the Floor Committee or the Executive Floor Committee shall have the authority at any time during the day, except during a call conducted under Rules 4.04, 4.05 and 4.06, to decide immediately all disputes as to bids, offers, or Transactions, to void any Transaction, and the report or record thereof, which is not made in accordance with the Rules and to change the report or record of Transactions to correct errors or omissions therein, provided that:~~

~~(i) an appropriate announcement is made to the ring prior to making any such change; and~~

~~(ii) any change that (A) establishes a new daily high or low price of a contract, (B) affects the opening or closing range of a contract or (C) is a result of an Exchange staff input error and occurs more than fifteen (15) minutes after the relevant Trade was entered or should have been entered, on the Exchange time and sales record, must be approved by two (2) Floor Committee members who must sign, initial or otherwise acknowledge a record thereof pursuant to Exchange procedures.~~

~~(b) No member of the Floor Committee or Executive Floor Committee may decide a dispute as to bids, offers or Transactions, void a Transaction and the report or record thereof, or change the report or record of a Transaction if such member has a direct financial, personal or other interest in the matter. For purposes of the preceding sentence, a member shall be deemed to have a direct financial, personal or other interest in any matter in which a member with whom he is associated has a direct financial, personal or other interest. In the event that each Floor Committee member present in a ring has an interest in a dispute which precludes him from resolving the dispute, the matter shall be resolved by consensus of all of the Floor Committee members then present in the ring, and their decision shall be reported to the Ring Supervisor who shall complete the appropriate records in accordance with Exchange procedures.~~

~~(c) After forty five (45) minutes has elapsed from the time a price was disseminated for an Exchange Options Contract, no change can be made with the exception of Exchange staff input errors made pursuant to subparagraph (a)(ii)(C).~~

#### **Rule 4.1424. Discretionary Account**

(a) No Floor Broker shall execute any Transaction for any account over which the Floor Broker has discretionary trading authority to originate orders or execute Transactions. For the purposes of this Rule, discretion only as to time and price of a Transaction shall not be deemed to constitute a discretionary trading authority.

(b) The foregoing requirement shall not apply with respect to orders originated by a Floor Broker on behalf of any one (1) or all of the following:

- (i) members of the Floor Broker's immediate family;
- (ii) the proprietary accounts of Members.

provided that Customers' orders, including orders granting the Floor Broker discretion as to the price, time and contract month, are executed before the orders referred to in paragraphs (a) and (b).

(c) Orders referred to in paragraphs (a) and (b) may be placed with another Floor Broker for execution.

**Rule 4.1725. Disclosure of Orders**

No ~~Person Floor Broker~~ shall disclose or divulge the buy or sell orders of another Person except in order to execute the orders ~~at the ring~~ or except pursuant to Rule ~~4.1727.22~~ or at the request of an authorized representative of the CFTC or the Exchange.

**Rule 4.26. Cross Trades**

~~(a) Cross trades for Commodity Contracts listed for trading on the Exchange's electronic trading system ("ETS") must be executed electronically in accordance with Rule 27.21. Cross trades may be executed in accordance with this Rule only with respect to those Commodity Contracts that are not listed for trading on the ETS. Subject to the conditions set forth in this Rule, a Floor Broker who has in hand at the same time both buying and selling or granting Exchange orders of different Principals for the same Commodity Contract in the same delivery month or Exchange Option series, which is not listed for trading on ETS, may execute such orders for and directly between such Principals at the market price; provided, however, that:~~

~~(i) with respect to Cocoa, Cotton No. 2, Index and Financial Futures and Options Contracts, if any one (1) of the accounts listed below in (A) through (D) is opposite a Customer's order, the Member or Member Firm, as specified in subparagraph (ii) below, has the prior written consent of such Customer to cross his order opposite any one (1) of the following accounts:~~

~~(A) the Floor Broker's own account or an account in which the Floor Broker has a direct or indirect interest;~~

~~(B) an account of another Person for which buying and/or selling orders can be placed or originated, or for which Transactions can be executed, by such Floor Broker without the prior specific consent of the account owner;~~

~~(C) the account of an Associated Broker or an account controlled by such Associated Broker; or~~

~~(D) the account of any Firm of which the Floor Broker is a partner, officer, or employee or any other affiliate of such Firm, or the account of any partner, officer or employee of such Firm or any other affiliate of such Firm; for purposes of this Rule, the term "affiliate" means any Firm or individual which controls, is controlled by, or is under common control with, another Firm or individual; and for purposes of this Rule, the term "control" means the power to direct or cause the direction of the management or policies of a Firm or individual, whether through ownership of securities, by contract, or otherwise.~~

~~(ii) For the purposes of subparagraph (i) above, a Member or Member Firm which receives an order directly from a Customer shall be deemed to be the Person responsible for knowing whether the Customer has consented to having its orders executed in cross trades, advising any Person to whom or which the order is transmitted in furtherance of execution, as to whether such Customer consent has been granted, obtaining the prior written consent of the Customer evidencing the grant of authority to cross the Customer's orders against the accounts listed in subparagraphs (i)(A)-(D), and providing a copy of the written grant of authority to the Exchange upon request, as follows:~~

~~(A) If the order is placed with a Member Firm that is a Futures Commission Merchant ("FCM") or Introducing Broker ("IB"), such FCM or IB shall be responsible;~~



~~(B) If the order is placed with a Member Firm operating a brokerage business on the Floor of the Exchange and the Member Firm either hands the order off for execution by another Member or has its own Floor Brokers execute the order, the Member Firm shall be responsible; and~~

~~(C) If the order is placed directly with any Floor Broker and the Floor Broker either hands off the order for execution or executes the order himself, the Floor Broker shall be responsible, but the Floor Broker shall not be responsible with respect to any Customer's order received from an FCM or IB.~~

~~(iii) with respect to Coffee "C", Ethanol, Robusta and Sugar No. 11 Futures and Options Contracts, Transactions described in paragraph (a) of this Rule may be executed as long as neither of the orders is for:~~

~~(A) the account of a Floor Broker present on the Floor of the Exchange, or an account controlled by such Floor Broker;~~

~~(B) the Floor Broker's own account or an account in which the Floor Broker has a direct or indirect interest;~~

~~(C) an account of another Person for which buying and/or selling orders can be placed or originated, or for which Transactions can be executed, by such Floor Broker without the prior specific consent of the account owner;~~

~~(D) the account of an Associated Broker or an account controlled by such Associated Broker; or~~

~~(E) the account of any Firm of which the Floor Broker is a partner, officer or employee of such Firm or any other affiliate of such Firm; for purposes of this Rule, the term "affiliate" means any Firm or individual which controls, is controlled by, or is under common control with, another Firm or individual; and for purposes of this Rule, the term "control" means the power to direct or cause the direction of the management or policies of a Firm or individual, whether through ownership of securities, by contract, or otherwise.~~

~~(iv) with respect to FCOJ and NFC Futures and Options Contracts, Transactions described in paragraph (a) of this Rule may be executed as long as neither of the orders is for:~~

~~(A) the Floor Broker's own account or an account in which the Floor Broker has a direct or indirect interest;~~

~~(B) an account of another Person for which buying and/or selling orders can be placed or originated, or for which Transactions can be executed, by such Floor Broker without the prior specific consent of the account owner;~~

~~(C) the account of an Associated Broker or an account controlled by such Associated Broker; or~~

~~(D) the account of any Firm of which the Floor Broker is a partner, officer or employee of such Firm or any other affiliate of such Firm; for purposes of this Rule, the term "affiliate" means any Firm or individual which controls, is controlled by, or is under common control with, another Firm or individual; and for purposes of this Rule, the term "control" means the power to direct or cause the direction of the management or policies of a Firm or individual, whether through ownership of securities, by contract, or otherwise.~~

~~For the purposes of this Rule, the requirement of different Principals is satisfied when a Firm which has separate operations with separate accounts (whose Positions, even when exactly opposite, cannot be offset except by a Trade in the ring) and when there is in fact independent control of the decision-making with respect to Transactions for such accounts.~~

~~(b) A Floor Broker referred to in paragraph (a) shall:~~

~~(i) in an audible voice bid and offer the full quantity involved two (2) times at a price where such offer is higher than such bid by not more than the minimum permissible fluctuation and neither such bid nor such offer shall be accepted in whole or in part; and~~

~~(ii) in an audible voice announce the price at which such Transactions are to be executed after which he shall allocate such Principals' orders to satisfy such other bids and offers as may be open at the ring at such price in an amount equal to the lesser of:~~

~~(A) fifty percent (50%) of the quantity involved or, if there be an uneven number of lots involved, one lot less than fifty percent (50%); or~~

~~(B) the number of such other bids and/or offers open at the ring at such price; and~~

~~(iii) execute such cross trade Transaction in the presence of, and in a voice audible to, an Exchange employee who is designated to witness cross trade Transactions ("Designated Employee") and, by appropriate descriptive words or symbols, clearly identify all such cross trade Transactions on his trading card or other similar record made at the time of execution; note thereon the exact time of execution.~~

~~(c)(i) Upon witnessing a cross trade Transaction, the Designated Employee shall record on a cross trade slip provided by the Exchange, the identity of the executing Floor Broker and the quantity, delivery month and price for Transactions in Exchange Futures Contracts or, for Transactions in Exchange Option Contracts, the quantity, delivery month, Striking Price, Premium and whether a Put or a Call, thereafter time stamping the cross trade slip to reflect the time of execution to the nearest minute. In addition, the Designated Employee shall initial the cross trade slip, and, retaining one (1) copy of the cross trade slip, immediately distribute by means of another Exchange employee assigned to that function, a copy of the cross trade slip to the executing Floor Broker and the Exchange employee responsible for recording the trade;~~

~~(ii) If a cross trade Transaction is not witnessed by the Designated Employee, but it is asserted by a Floor Broker that a cross trade Transaction was executed, the Designated Employee shall prepare and time stamp a cross trade slip provided by the Exchange for such purpose, initial it, but shall not submit the Trade for recordation. The Floor Broker shall then present the cross trade slip to two (2) members of the Floor Committee located in the opposite side of the ring from him who, if they witnessed the cross trade Transaction, shall initial it and note the time of their signature thereon. Such cross trade slip shall then be returned to the Designated Employee for distribution and reporting as provided in subparagraph (c)(i) above.~~

~~Only cross trade Transactions so time stamped and initialed either by a Designated Employee or two (2) members of the Floor Committee may be submitted for clearance.~~

~~(iii) A Floor Broker executing a cross trade Transaction shall be responsible for promptly notifying the Designated Employee of any errors or other discrepancies in the cross trade slip. If the Designated Employee agrees that an error has been made, the Designated Employee must complete and thereafter time stamp a cross trade correction slip provided by the Exchange. The Floor Broker shall, in addition, obtain the signature of two (2) Floor Committee members located in the opposite side of the ring, who have witnessed the cross trade Transaction, and submit such correction slip to the Designated Employee. In the event that the Designated Employee and the Floor Broker disagree on any detail of the cross trade Transaction, a correction may be made if the Floor Broker obtains signatures on a cross trade correction slip from two (2) Floor Committee members located in the opposite side of the ring from him who have witnessed the cross trade Transaction. Each Floor~~

~~Committee member signing a cross trade correction slip shall also note thereon the time of his signature. Any such cross trade correction slip must then be submitted to the Designated Employee by the executing Floor Broker. The Designated Employee shall then distribute and report the cross trade Transaction as set forth in subparagraph (c)(i) above.~~

~~(iv) If a Floor Broker does not receive a cross trade slip for a cross trade Transaction he executed, he shall be responsible for promptly notifying the Designated Employee. If the Designated Employee witnessed the cross trade Transaction, he shall prepare, time stamp, and initial a cross trade slip in accordance with subparagraph (c)(i) of this Rule. If the Designated Employee did not witness the cross trade transaction, the cross trade Transaction shall be documented in accordance with subparagraph (c)(ii) above.~~

~~(d) A Member cannot enter at the same time both buying and selling orders for the same Commodity for future delivery in the same delivery month unless such orders are for different Principals. For the purposes of this Rule, a Member or Member Firm which receives orders directly from a non member(s) shall be deemed to be the Member that entered the orders as follows:~~

~~(i) If the orders are placed with a Futures Commission Merchant Member Firm ("FCM") which, in turn, places the orders with a Floor Broker or other Member for execution, the FCM has entered the orders;~~

~~(ii) If the orders are placed with a Member Firm on the Floor of the Exchange and the Member Firm either hands the orders off for execution or has its own Floor Brokers execute the orders, the Member Firm has entered the orders; or~~

~~(iii) If the orders are placed directly with an independent Floor Broker and the Floor Broker either hands off the orders for execution or executes the orders himself, the Floor Broker has entered the orders.~~

~~(e) A Member may not cause to be sent to the Trading Floor and a Floor Broker may not accept a single order ticket with both buy and sell orders for the same Commodity Contract in the same delivery month. A Member may not instruct a Floor Broker and a Floor Broker may not accept instructions to cross any orders or attempt to execute a Transaction(s) as a cross trade and not to execute said Transaction(s) unless it can be executed as a cross trade.~~

#### **Rule 4.27. Spread Transactions**

~~(a) Floor Brokers are permitted to execute one (1) Exchange Options Contract in conjunction with one (1) or more other Exchange Options Contract(s) in the same Commodity ("Options Spread"). Such Transactions must be for the same account, and Floor Brokers may not combine separate orders for the same or different accounts in order to execute an Options Spread. These orders are to be executed competitively by open outcry in the ring with at least one (1) side of the Options Spread priced within its respective daily price limits.~~

~~(b) It shall be the Floor Broker's responsibility to insure that Futures and Option Spread orders executed in accordance with this Rule are properly recorded in writing on the Floor Broker's trading card, permitting identification of these Transactions, and are posted and announced in such manner as the Exchange may direct.~~

~~(c) Options Spread Transactions shall not set off any stop orders except for Options Spread stop orders.~~

~~(d) Nothing in this Rule shall be construed to prevent the execution of Options Spreads by individual Transactions.~~

#### **Rule 4.28. Combination Transactions**

~~(a) For the purposes of this Rule, the term "Combination Transaction" shall mean two (2) or more Commodity Contracts traded simultaneously and comprised of an Exchange Options Position and a related Exchange Futures Position.~~

~~(b) Combination Transactions may be executed only by a Trading Member with floor trading privileges on the Exchange in an area of the Exchange designated for such purpose.~~

~~(c) Combination Transactions may only be executed when both the Exchange Futures Contract and its related Exchange Options Contract are listed for trading.~~

~~(d) All Commodity Contracts comprising the Combination Transaction must be for the same account.~~

~~(e) Prices of Combination Transactions shall not establish daily trading ranges for any Commodity Contract in the Combination Transaction. The Exchange Futures Contract in a Combination Transaction must be priced within its respective daily price limits. Notwithstanding the provisions of this paragraph (e), with respect to Combination Transactions executed for any of the Financial Products, if a daily range has been established for any of the contracts comprising the Combination Transaction, at least one (1) contract comprising such Transaction must be priced within the daily range.~~

~~(f) Combination Transactions shall not set off any stop orders except for Combination Transaction stop orders.~~

~~(g) No Floor Broker, upon receiving separate orders for Exchange Futures Contracts and Exchange Option Contracts for the same or different Customers, may combine and execute such orders as a Combination Transaction but must execute each order separately.~~

~~(h) The futures position must offset the net Options position of the Combination Transaction.~~

~~(i) The number of Exchange Futures Contracts should not exceed the number of Exchange Options Contracts for the Combination Transaction.~~

#### **Rule 4.29. Reporting of Trades**

~~(a) All selling Floor Brokers shall immediately report to designated Exchange employees all Transactions executed or registered on the Trading Floor. Such reports shall indicate the price at which each Transaction was made. Selling Floor Brokers are responsible for assuring that each Trade which they report is properly disseminated by the Exchange.~~

~~**Amended by the Board June 13, 2012; effective August 8, 2012.**~~

#### **Rule 4.30. Trading Card Procedures**

~~(a) All Floor Brokers shall promptly record each Transaction executed on the Trading Floor in the exact chronological order of execution on a separate line, without skipping lines between Trades, or entering Trades anywhere other than on a numbered line, in non-erasable ink on trading cards provided by the Exchange. In addition, if lines remain after the last execution recorded on the trading card, the remaining lines shall be crossed through.~~

~~(b) A separate trading card shall be used for each open, close, closing, or bracket period. The trading cards shall be used in their printed sequential order for trading done each day. Each Floor Broker shall be held accountable to produce his trading cards in sequential order for each trading day upon the demand of the Exchange.~~

~~(c) All trading cards shall contain the following information:~~

~~(i) executing Floor Broker and opposite Floor Broker;~~

~~(ii) bracket code;~~

~~(iii) date;~~

~~(iv) written time of execution to the nearest minute for the first (1<sup>st</sup>) Trade appearing on each trading card;~~

~~(v) for Exchange Futures Contracts quantity, delivery month, and price for each Transaction;~~

~~(vi) for Exchange Options Contracts, quantity, Option Month, Striking Price, Premium and whether a Put or Call;~~

~~(vii) identification of cross trade Transactions by an (x) symbol along with written time of execution;~~

~~(viii) if a Trade is made by a Floor Broker for another Floor Broker present on the Floor of the Exchange, identification of the Floor Broker for whom such Trade is made;~~

~~(ix) identification of Transactions made pursuant to Rule 4.17 by a (D) symbol;~~

~~(x) signature or initials of designated Exchange employee where required by Rule; and~~

~~(xi) identification of Transactions made pursuant to Rule 4.30(a)(ii) and (iii) by (E) symbol along with the written time of execution.~~

~~(d) Within fifteen (15) minutes of the end of each bracket open, close or closing period, Floor Brokers shall submit one (1) copy of each trading card used during such period, including any trading card as to which information is subsequently corrected or added, to designated Exchange employees who shall then timestamp the date and time, to the nearest minute, the trading card is collected.~~

~~(e) Trades executed during the open, close, or closing period of a Commodity Contract shall be recorded on a separate trading card which shall indicate the bracket period in which the open, close, or closing period occurs followed by the symbols "OP" (opening) or "CL" (close or closing period).~~

~~(f) Corrections or additions to the information recorded on trading cards shall be made in a manner that does not obliterate or otherwise make illegible the originally recorded information. Corrections or additions to the information recorded on trading cards for a prior bracket period shall be clearly and unambiguously recorded on trading cards submitted for a succeeding bracket period. Provided, however, that corrections and additions to information recorded on trading cards used during the last bracket period of the day shall be reported in writing to the Exchange Compliance Department.~~

~~(g) Accurate bracket identification codes and open, close, or closing period designations must be included with trade information submitted to the Clearing Organization clearing the trade, pursuant to the Rules. Said Clearing Organization will transfer the bracket identification codes to the Clearing Member trade register.~~

#### **Rule 4.31. Identity of Clearing Member**

~~(a) No Member (other than a Member present on the Trading Floor) may transmit an order to a Floor Broker, and no Floor Broker may execute an order received from any Person (other than a Floor Broker present on the Trading Floor), unless, prior to execution, such order includes the identity (by name or symbol) of the Clearing Member through whom any Transaction resulting from the execution of such order is to be cleared.~~

~~(b) Every Floor Broker shall, promptly after the execution of any Transaction, enter on his trading card the identity (by name or symbol) of the Clearing Member through whom such Transaction is to be cleared.~~

~~(c) Floor Brokers are prohibited from changing the identity of the Clearing Member specified on the trading card, except to correct a bona fide error. Every Transaction shall be submitted for clearance in the name of the Clearing Member so identified.~~

#### **Rule 4.32. Correction of Errors**

~~(a) If a Floor Broker discovers an error in the handling of an order, and the order cannot be executed in the market at a price which is better than or equal to that which the order should have received, the Floor Broker may do one (1) or more of the following:~~

~~(i) Execute the order in the market and adjust the Customer if the price is worse than that which the Customer should have received had the error not occurred.~~

~~(ii) Execute a Straddle Transaction in the market whereby one leg of the Straddle is for the Customer's order and the other leg is for the account of the Floor Broker, notwithstanding any Rule to the contrary. The order must receive a price better than or equal to the price it should have received had the error not occurred.~~

~~(iii) Take the opposite side of the order (notwithstanding any Rule to the contrary), at a price which is better than or equal to the price the order should have received had the error not occurred. If such price cannot be obtained in the market, or the Floor Broker discovers the error after the close of such market, the Floor Broker may assign the opposite side of the order to the Floor Broker's own account at a price which is better than or equal to the price which the order should have received had the error not occurred, notwithstanding any Rule to the contrary. Any such assignment made after the close of the market must be promptly effected but in no event later than 5:00 p.m. on such trading day.~~

~~(b) In no case may a Customer receive a price which is worse than that which the Customer should have received had the error not occurred. Any Transaction or Straddle Transaction executed pursuant to subparagraphs (a)(ii) and (iii) above shall be within such day's trading range, reported to the Compliance Department and submitted for clearance in accordance with the Rules and the Clearing Organization Rules and procedures regarding errors.~~

~~(c) The Board may provide by resolution such other procedures as it may from time to time deem necessary or appropriate to allow for the correction of errors.~~

#### **Rule 4.33. Submission of Open Outcry Trade Data for Clearing Purposes**

~~(a) With respect to any Transaction in any Commodity Contract which is executed by open outcry and is to be cleared by the Clearing Organization, no Person except a Clearing Member or a duly authorized representative of a Clearing Member acting on behalf of that Clearing Member may submit any information or reports for the purpose of clearing such Transactions ("Clearing Submission") to the Clearing Organization. Every Clearing Submission must be made in accordance with applicable Exchange and Clearing Organization Rules. It is the responsibility of each Clearing Member to insure that every Clearing Submission in its name is reviewed and authorized. A Clearing Member must make a Clearing Submission for each Commodity Contract Transaction for which it has received information or reports required by the Clearing Organization for such purpose from a non-clearing member or notify such Member that such submission will not be made.~~

~~(b) Every Clearing Submission for Transactions in a Commodity Contract which is executed by open outcry must be input into the Trade Input Processing System (“TIPS<sup>SM</sup>”) as follows:~~

~~(i) Trade data shall be input into TIPS no later than thirty (30) minutes after the end of the bracket period in which the Trade was executed. No new Floor Broker input of trade data can be made after 5 PM each trading day.~~

~~(ii) Outtrades shall be resolved throughout the trading day but in no event later than the opening of the following trading day.~~

~~(iii) Floor Broker advisories concerning errors or other discrepancies must be reported by the Clearing Member to the executing Floor Broker no later than 9 AM of the Business Day following the day on which the Trade was accepted for clearance.~~

~~(iv) Any Member using TIPS shall be required to have a representative available on the Floor of the Exchange until the TIPS’ system shutdown of that trading day.~~

~~(v) Clearing Member designations must be made no later than one (1) hour after the close of trading by open outcry in the contract market in which the Trade was made. Whenever possible, the Clearing Member designation shall be assigned upon Trade entry.~~

~~(vi) Floor Brokers may change a Clearing Member designation for a Trade twice before 5 PM of the day the Trade was executed.~~

~~(vii) Trades allocated to Clearing Members will be deemed accepted by such Clearing Member unless such Trade has been challenged by 6 PM of the day the Trade was submitted for clearance.~~

~~(viii) Any Trade executed by a Floor Broker and matched in TIPS shall automatically be cleared to the account of the Clearing Member guarantor of such Floor Broker on the date executed, unless such Trade is otherwise accepted for clearance by another Clearing Member on such trade date.~~

~~(ix) All mechanical adjustments shall be made through TIPS. Any Member submitting a mechanical adjustment shall include all information required by TIPS to process such mechanical adjustment.~~

#### **Rule 4.3184. Clerk Qualification Requirements, Registration Procedures, and Trading Prohibitions**

The following Clerk qualification, registration procedures and trading prohibitions apply to all clerical staff of Members or Member Firms trading in Commodity Contracts on the Trading Floor of the Exchange:

(a)(i) Qualification Requirements: Unless otherwise provided under the Rules, clerical staff shall:

\* \* \*

(B) on an annual basis or as otherwise required by the Exchange, provide proof of employment by a Member or Member Firm for the previous year in a form acceptable to the Exchange;

~~(C) be limited to runners, communication operators, telephone clerks, write-up clerks, trade data entry clerks, supervisors, analysts and any other category which the President may specify from time to time;~~

~~(CD) attend a Sexual Harassment Awareness Course sponsored by or acceptable to the Exchange as may be determined by the President, in his sole discretion; and~~

~~(DE) not consist of any other Member whose rights and privileges of Membership are suspended or any individual who has been expelled from Membership, where such employment or registration is in contravention of any term or condition of such suspension or expulsion which the Exchange,~~

the Board or any Committee may impose or to which the suspended Member or expelled Person may have agreed.

[REMAINDER OF RULE UNCHANGED]

**Rule 4.1935. Electronic Devices**

(a) For purposes of this Rule, the following definitions shall apply:

(i) "Electronic Device" shall mean any type of voice or data communications interface, including but not limited to a computer, headset, hand-held device, microphone, telephone or two-way radio.

(ii) "Electronic Information" shall mean the data made available to each Member or Member Firm by virtue of such Member's or Member Firm's access to any Electronic Device, including, without limitation, (A) the identity of other Persons transacting business on, with or through the Exchange and the price and quantity of pending or filled orders and (B) any database, software, programs, protocols, displays and manuals relating thereto, including the selection, arrangement and sequencing of the contents thereof.

(b) No Electronic Device may be used on the Trading Floor unless such device and/or use has been authorized by the Exchange and does not interfere with any Exchange system. The Exchange may, in its sole discretion, impose restrictions on the use of any authorized Electronic Device by a Member or Member Firm, and may limit, suspend or terminate any Person's right to use an authorized Electronic Device at any time, without prior notice and without any liability therefore. The Exchange shall have the right, at any time, to audit the use of any authorized Electronic Device by a Member or Member Firm.

(c) Cell phones, personal digital assistants and other similar devices with instant message ("IM") capabilities may be used only for non-business purposes and/or the placement of orders for the Member's own account, from areas outside of the trading ring, provided, however, that voice over internet protocol ("VoIP") service provided by an Exchange approved provider may be used within the trading ring.

(d) An order transmitted through IM or Exchange approved VoIP may not be bid, offered or executed until a separate, written order ticket is prepared in accordance with Rule 6.08 and all such orders shall be subject to all applicable audit trail requirements. All IMs relating to any Transaction or order must be retained for a minimum of (5) years in accordance with Commission Regulations and are subject to review by the Market Regulation Department.

(e) No Electronic Device may be used by any Person except in accordance with this Rule and such terms and conditions of use as may be established from time by the Board, any committee appointed by the Board or Exchange staff empowered to establish and review terms and conditions of use. Each Member and Member Firm shall pay any fees and/or other charges assessed by the Exchange for the use of an Electronic Device.

(f) In addition to the specific terms and conditions of use established for an Electronic Device pursuant to paragraph (e) above, the use of an Electronic Device that has been supplied by the Exchange to a Member or Member Firm for use on the Trading Floor shall be subject to the following terms and conditions:

(i) The Member or Member Firm shall properly secure and safeguard the Electronic Device so as to prevent damage, loss or theft, and shall be liable for any damage beyond normal wear and tear, until it is returned to the Exchange.



(ii) The Member or Member Firm shall implement appropriate procedures to ensure the only Persons authorized by the Member or Member Firm have access to and/or use of the Electronic Device.

(iii) Upon termination for any reason of a Member's or Member Firm's right to use an Electronic Device, it shall be returned to the Exchange in working condition. The Member or Member Firm shall pay to the Exchange the replacement cost for any Electronic Device that is lost, stolen, damaged or destroyed while in the Member's or Member Firm's possession or while it is otherwise responsible for the Electronic Device.

(iv) The Board and/or the relevant committee or Exchange staff responsible therefor may impose restrictions on the use of any Electronic Device by a Member or Member Firm without prior notice and without liability to any Person.

(v) Electronic Information that is disclosed to, or otherwise obtained by a Member or Member Firm while accessing an Electronic Device, shall be deemed to constitute a trade secret of the Exchange (or its licensors), as to which copyright and patent rights of the Exchange may also exist. The Member or Member Firm shall keep all such Electronic Information confidential, and shall utilize such Electronic Information solely for such Member's or Member Firm's own trading activities and the trading activities of Persons for whom the Member or Member Firm is authorized to act. All copies and expressions of such trade secrets, works, processes, and methods are the exclusive property of the Exchange, and shall be returned to the Exchange upon termination of such Member's or Member Firm's right to use the Electronic Device for any reason whatsoever. Each Member or Member Firm shall take all reasonable precautions to maintain the secrecy and confidentiality of such Electronic Information. Except as otherwise permitted elsewhere in the Rules, the Member or Member Firm shall not disclose and shall use reasonable efforts not to permit the disclosure of, any part of such Electronic Information to any other Person.

(vi) Except as authorized by the Board and/or the applicable committee or Exchange staff responsible for establishing the terms and conditions of use of any Electronic Device, a Member or Member Firm shall not make, and shall not permit others to make any alterations, additions, subtractions, upgrades or improvements to, or affix or attach any foreign object to, in or on, any Electronic Device.

(g) The Exchange accepts no responsibility for loss, theft or damage to any equipment or device authorized for use on Exchange premises.

#### **~~Rule 4.36. Communications Between Members~~**

~~The Exchange has no responsibility for any act, error or omission of its employees in connection with the receipt or transmission of messages or other communications between Members, or between Members and their offices or other Persons, all of which is entirely at the risk of the Member receiving or sending such message or communication, or for whom the same may be intended.~~

#### **~~Rule 4.37. Member Responsibility for Quotations~~**

~~No Member or Member Firm shall be liable for money damages arising from a request to quote the market for the purpose of price fixing (spotting the Board) or for other purposes, when no correlative purchase or sale of futures is made. Where a purchase or sale of futures is made, liability, if any, may apply only to the extent of the number of futures so bought or sold.~~

#### **~~Rule 4.38. Stop Orders for Open Outcry Transactions~~**

~~(a) Stop Order or Stop Loss Order—An order to buy or sell when the market reaches a specified point. A stop order to buy becomes a market order when the contract sells (or is bid) at or above the stop price. A stop order to sell becomes a market order when the contract sells (or is offered) at or below the stop price.~~

~~(b) Members may accept FCOJ stop orders provided that such orders fall within at least one (1) of the following categories:~~

~~(i) Stop limit orders;~~

~~(ii) Market if touched orders without contingencies; or~~

~~(iii) Other stop orders without contingencies.~~

#### **Rule 4.39. Unmatched Trades**

~~—It shall be the duty of any party to a Trade that has been submitted to TIPS in accordance with Rule 4.32, but which remains unmatched at the open of trading on the Business Day following the trade date, to buy in or sell out said contract within one (1) hour after the opening of business on the next Business Day. Such party may proceed against the other party under the Arbitration Rules then in effect.~~

## **RESOLUTIONS**

### **No. 1. Time & Sales Register—Out-of-Sequence Trade Policy**

~~WHEREAS, compilation of the Time & Sales Register is dependent upon Exchange employees utilizing hand held recordation devices as the input source for information on the prices at which Trades are occurring in each of the Exchange's trading rings; and~~

~~WHEREAS, the simultaneous input of trade data from multiple sources can result in the sequence of prices within any 10 second increment on the Time & Sales Register being different than the sequence in which such prices traded; and~~

~~WHEREAS, to the extent that this may occur it is in no way the fault of any Member or employee of the Exchange,~~

~~NOW THEREFORE, it is hereby resolved that, in any arbitration between a Customer and a Member, the Member shall not be found to have failed to exercise due diligence in the execution of the Customer's order solely on the basis of the sequence of prices reflected within any ten (10) second increment on the Time & Sales Register unless the Customer also presents compelling evidence which corroborates such sequence.~~

### **No. 2. Reserved.**

### **No. 3. Trade Policy During Trade Data Display Interruption**

~~WHEREAS, circumstances may occur during trading such that trade data displayed to the Trading Floor is interrupted or is not commonly accessible to all Floor Brokers of a particular ring; and~~

~~WHEREAS, it is recognized that different prices or Premiums may be bid or offered for the same delivery month or Option Series in different parts of the ring at the same time during such interruption; and~~

~~WHEREAS, it is also recognized that during such interruption Trades may be executed at prices or Premiums not officially quoted or a Floor Broker may be unable to execute an order;~~

~~NOW THEREFORE, BE IT RESOLVED, to the extent an interruption in the display of trade data to the Trading Floor may occur, a Floor Broker shall not be found to have failed to exercise due diligence in the execution of a Customer's order where such an interruption has occurred and had an adverse effect on the Floor Broker's ability to execute the order; and~~

~~FURTHER RESOLVED, that the following procedure is adopted to identify the occurrence of a Trade Data Display Interruption on the Trading Floor:~~

~~(a) Whenever in the discretion of the President, or such other officer as he may designate, an interruption in the display of trade data on the Trading Floor is declared, an announcement and simultaneous ticker and wallboard text message will be transmitted stating the time the interruption began and the Commodity Contracts affected.~~

~~(b) When in the discretion of the President, or his designee, such interruption has ceased to exist, an announcement and simultaneous ticker and wallboard text message will be transmitted stating the time the interruption ended and the Commodity Contracts affected.~~

~~(c) An Exchange employee will record on a Declaration of Trade Data Display Interruption on the Trading Floor form the time during which the interruption was declared. At the end of the day, all Declaration of Trade Data Display Interruption on the Trading Floor forms will be delivered to the Compliance Department, which will attach the form(s) to the time and sales transcript for that day.~~

#### **No. 4. Visitors Policy**

~~WHEREAS, Rule 4.02 restricts access to the Trading Floor to authorized individuals among whom guests of a Member are included; and~~

~~WHEREAS, the Board of Governors wishes to formalize the Exchange's visitors policy concerning access to the Trading Floor;~~

~~NOW, THEREFORE, BE IT RESOLVED, that the following restrictions shall apply to all visitors to the Exchange;~~

- ~~1. No one under 14 years of age shall be permitted on the Trading Floor.~~
- ~~2. Any visitor to the Trading Floor must be issued a pass by Security at the request of a Member which request may not be made by an employee of a Member.~~
- ~~3. Guests of Members gaining access to the Trading Floor shall be limited to one (1) hour.~~
- ~~4. No more than a total of five (5) guests may gain access to the Trading Floor at any one (1) time.~~

#### **No. 5. Reserved.**

### **Margin Rules**

#### **Rule 5.02. Reserved. [Debit or Deficit in Account of Member with Floor Trading Privileges]**

~~(a) No Member with floor trading privileges shall execute a Trade or place an order for the purchase or sale of any Exchange Futures Contract or the purchase or grant of any Exchange Option if a debit or a deficit balance exists in the account of such Member or in any account in which such Member directly or indirectly has an interest, except for the liquidation of existing Positions, or with the prior approval of the President. A Member with floor trading privileges shall immediately notify the Vice President of Market Regulation or his Designee if a debit or deficit balance of ten thousand dollars (\$10,000) or more~~

~~exists in any account or all accounts combined, in which such Member, directly or indirectly, has an interest.~~

~~(b) A Carrying Member may not knowingly accept any Trade or order which is violative of paragraph (a) of this Rule, except for Trades which the Carrying Member is obligated to accept as the Clearing Member guarantor of a Member with floor trading privileges. A Clearing Member guarantor shall immediately advise the Exchange of any Trades which it accepts pursuant to this paragraph.~~

~~(c) A Carrying Member shall immediately notify the Vice President of Market Regulation or his Designee if a debit or deficit balance of ten thousand dollars (\$10,000) or more exists in the account of a Member with floor trading privileges or in any account in which such Member, directly or indirectly, has an interest of which the Carrying Member has knowledge.]~~

## REGULATORY REQUIREMENTS

### Rule 6.05. Conflicts of Interest Involving Named Parties in Interest

(a) *Definitions.* For purposes of this Rule the following definitions shall apply:

(i) The term "Family Relationship" shall mean the Person's spouse, former spouse, parent, stepparent, child, stepchild, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece or in-law.

(ii) The term "Named Party in Interest" shall mean a Person or entity that is identified by name as a subject of any matter being considered by the Board or a committee.

(b) *Prohibition.* No member of the Board or of any committee which has authority to take action for and in the name of the Exchange (not including any committee which is only authorized to make recommendations for action by the Board or some other committee) shall knowingly participate in such body's deliberations or voting in any matter involving a Named Party in Interest where such member (i) is a Named Party in Interest, (ii) is an employer, employee, ~~or~~ fellow employee ~~or guarantor~~ of a Named Party in Interest, (iii) is associated with a Named Party in Interest through a Broker Association, (iv) has a family relationship with a Named Party in Interest or (v) has any other significant, ongoing business relationship with a Named Party in Interest, excluding relationships limited to executing futures or option transactions opposite each other or to clearing futures or options transactions through the same Clearing Member. For purposes of clause (v) of the preceding sentence, a member of the Board or any such committee shall not automatically be deemed to have a 'significant, ongoing business relationship' with a Licensee or applicant for license as a Warehouse Operator solely because the member or any Affiliated Firm of the member stores a commodity in facilities maintained by such Licensee or applicant.

[REMAINDER OF THE RULE UNCHANGED]

## DISCIPLINARY RULES

### Rule 21.03. The Business Conduct Committee

(a) The Business Conduct Committee shall have the power to direct that an investigation of any suspected violation of the Rules be conducted by the Compliance staff, pursuant to Rule 21.02, and shall have the authority to hear any matter referred to it by the Executive Floor Committee, provided, however, that any member of the Business Conduct Committee who is also a member of the Executive

Floor Committee and participated in such matter pursuant to Rule 21.25, shall be disqualified from serving on any panel of the Business Conduct Committee hearing such matter.

\* \* \*

(e) In any case where a subcommittee of the Business Conduct Committee concludes that a Rule violation may have occurred, such subcommittee of the Business Conduct Committee shall advise the Member or non-member market participant of that fact and may:

\* \* \*

(iv) negotiate and enter into a written settlement agreement with the Member or non-member market participant, whereby the Member or non-member market participant, with or without admitting guilt, may agree to:

- (1) a cease and desist order or a reprimand;
- (2) a fine of up to one hundred thousand dollars (\$100,000) for each Rule violation alleged plus the monetary value of any benefit received as a result of the alleged violation;
- (3) a voluntary suspension of up to one (1) year for each Rule violation alleged;
- (4) expulsion;
- (5) a prohibition against executing any Customer orders; and/or
- (6) as part of a suspension or expulsion, the term or condition that the Member may not be employed by another Member as a [Trading Floor](#) employee, or any combination thereof; or
- (7) in the case of a non-member market participant, an order denying future access, either directly or indirectly, to any or all of the Exchange's markets for a specified period of time and the issuance of a notice directing all Members to deny access to such non-member market participant to the Exchange's markets for such period of time;

provided, however, in any case in which it is concluded that the Member may have violated a Rule involving the execution of, or the failure to execute, a Customer Transaction, the subcommittee of the Business Conduct Committee shall make a specific finding on whether the Customer may have incurred any financial harm as a result of said violation and may negotiate and enter into a written settlement agreement whereby the Member, with or without admitting guilt, agrees to make restitution to the Customer in an amount equal to the financial harm which may have been incurred by such Customer in addition to any combination of the foregoing penalties.

#### **Rule 21.11. Settlement Prior to Commencement of Hearing**

Prior to the commencement of the hearing, the Hearing Panel may approve the entry into a settlement agreement with the Respondent, whereby the Respondent, with or without admitting guilt, may agree to:

- (a) a cease and desist order or a reprimand;
- (b) a fine of up to one hundred thousand dollars (\$100,000) for each Rule violation alleged plus the monetary value of any benefit received as a result of the alleged violation;
- (c) a voluntary suspension of up to one (1) year for each Rule violation alleged;
- (d) a prohibition against executing any Customer orders;
- (e) expulsion; and/or

(f) as part of a suspension or expulsion, the term or condition that the Respondent may not be employed by another Member as a [Trading Floor](#) employee, or any combination thereof; or

[REMAINDER OF THE RULE UNCHANGED]

#### **Rule 21.13. Written Decision of Hearing Panel**

(a) If the Hearing Panel finds the Respondent not guilty of any Rule violation charged, it shall render a written decision to that effect, and the Respondent shall not be subject to any further proceedings with respect to the Rule violation charged. The written decision shall include:

\* \* \*

(iv) a statement of the findings and conclusions of the Hearing Panel with respect to each charge, including the specific Rule which the Respondent is found to have violated; provided, however, that in any case in which the Respondent is found to have violated a Rule involving the execution of a Customer Transaction, the Hearing Panel shall make a specific finding whether the Customer has incurred any financial harm as a result of said violation; and

(v) an order stating any penalty imposed and the effective date of such penalty; the penalty which may be imposed on the Respondent shall be one or more of the following:

(A) a cease and desist order or a reprimand;

(B) a fine of up to one hundred thousand dollars (\$100,000) for each Rule violation plus the monetary value of any benefit received as a result of the alleged violation;

(C) a suspension of up to one (1) year for each Rule violation;

(D) an expulsion from the Exchange;

(E) a prohibition against executing any Customer orders; and/or

(F) as part of a suspension or expulsion, the term or condition that the Respondent may not be employed by another Member as a [Trading Floor](#) employee;

[REMAINDER OF THE RULE UNCHANGED]

#### **Rule 21.25. ~~Floor Committee Summary Fines Action~~**

(a) *Imposition of Fines ~~and Removal from Premises~~*

~~Any two (2) or more Floor Committee members. Any member of the Executive Floor Committee, the President or any Vice President of the Exchange may summarily impose a fine (a "Ring Fine"), and any member of the Floor Committee may summarily impose a fine, for each violation of any Rule regarding decorum or attire or regarding the timely submission of accurate reports, records or other similar matters required for clearing or verifying each day's Transactions as specified in paragraph (b) hereof. Any such fine shall not exceed ten thousand dollars (\$10,000), except for a fine issued by a Panel convened pursuant to subparagraph (d)(i) hereof for a violation of paragraph (b)(i)(A)(115) which shall not exceed twenty-five thousand dollars (\$25,000), and a fine issued for a violation of paragraph (b)(i)(B) of this Rule shall not be less than two hundred fifty dollars (\$250). No member of the Floor Committee shall issue a fine (including a Ring Fine) in any matter in which that Committee member has a direct financial, personal, or other interest. For purposes of the preceding sentence, a member shall be deemed to have a direct financial, personal or other interest in any matter in which a member with whom he is associated has a direct financial, personal or other interest.~~

~~The Caller may summarily impose a fine of not more than one thousand dollars (\$1,000) for each violation of good order of the call.~~

Any fine issued under this Rule shall be due and payable, and shall be deemed imposed, fifteen (15) calendar days after notice of such action is given to the Member. ~~for any fine issued pursuant to this Rule shall identify all members of the Floor Committee who determined to issue the fine. Any Member who refuses to sign or initial a floor fine notice shall automatically forfeit his right to request review of such fine.~~

~~In addition to being subject to sanctions for engaging in trading violations as set forth in this Rule,~~ an individual who violates paragraph (b)(i)(A)(~~15~~11) may be summarily removed from the Exchange premises ~~by any three (3) members of the Floor Committee~~ for the remainder of the trading day, or such shorter period of time as ~~such members may~~ determined.

**(b) Conduct Subject to Summary Action**

It shall be a violation of the Rules regarding decorum, attire, or timely submission of accurate records for a Member to engage in the following practices:

**(i) Decorum:**

The conduct enumerated below, if committed on the Trading Floor, on premises occupied by the Exchange, or in the building in which such premises are located is deemed a breach of decorum and is prohibited. In addition, the conduct specified in paragraph (A)(15) hereof, if committed in the area immediately surrounding any building in which the Exchange occupies premises is deemed a breach of decorum and is prohibited if such conduct relates to, or impacts upon, the business of the Exchange.

**A. Conduct:**

1. Running on the Trading Floor or adjacent corridors.
2. The use of profane, vulgar or indecorous language.
3. Smoking, eating or drinking, except in areas specifically designated by the Exchange.
4. Leaving or throwing refuse on the furniture, fixtures or floor.
- ~~5. Sitting on the cabinets, desks or floor.~~
- ~~6. Placing or wearing apparel on booths, furniture, fixtures or floor.~~
- ~~7.~~ The defacing or damaging of walls or other facilities.
- ~~8.~~ Using computer equipment or wireless communication devices not certified or authorized for use on the Trading Floor by the Exchange's Department of Technology.
- ~~9.~~ Failure to wear required identification badges.
- ~~10.~~ Betting or offering to bet or presenting offers to others to bet.
- ~~11.~~ Carrying firearms, mace or other toxic substance.
- ~~12.~~ Possession of an unsealed bottle(s) or container(s) of alcohol (which shall include beer, wine or liquor) or a controlled substance.
- ~~13. Standing on any object on the Trading Floor unless specifically authorized by the Executive Floor Committee.~~
- ~~14. Failure to have appropriate clerical assistance for clearing or verifying each day's Transaction.~~
15. Acts which interfere with the personal comfort or safety of others.
- ~~16. Blocking the entry to or exit from a trading ring or pit.~~

~~127.~~ The use of photographic equipment on the Trading Floor.

~~18.~~ Leaving a spot in a Trading Ring in a disruptive manner.

~~139.~~ Otherwise causing a disruption on the Trading Floor in the marketplace.

~~1420.~~ Any threatening, abusive, harassing or intimidating speech or conduct.

~~21.~~ Failure to report sales on the close.

~~22.~~ The use of cellular telephones inside the Trading Ring.

~~B. Trading Practices:~~

~~1.~~ offering into bids.

~~2.~~ offering over existing offers.

~~3.~~ bidding into offers.

~~4.~~ bidding under existing bid.

~~5.~~ improperly approaching the market.

~~6.~~ otherwise causing a disruption in the market place.

~~7.~~ causing an incorrect price to be disseminated by the Exchange.

~~8.~~ bidding, offering or executing a Trade after a suspension of trading has been declared.

~~9.~~ bidding, offering or executing a Trade (i) in any delivery month during an opening or closing call after the caller has declared trading in such delivery month to have ended, or (ii) in any contract during an opening or closing call after the caller has declared trading to be closed.

~~10.~~ failing to conform to the procedures set forth in Rule 4.19 concerning the proper execution of a cross Trade.

~~11.~~ reneging a bid or offer after acceptance by another floor member.

~~12.~~ failing to state a quantity and not taking a minimum of ten (10) contracts.

(ii) **Attire:** Failure to conform to the Exchange mandatory forms of dress and appearance.

A. For purposes of this Rule, the following forms of dress and appearance are mandatory.

\* \* \*

B. The following forms of dress and appearance are not in conformity with Paragraph A of this section:

1. Clothing that is dirty, frayed, torn, badly wrinkled, ill-fitting, or which distracts from business atmosphere.

2. Pants shall not include: dungarees; jeans; jean-look-alikes; denim jeans of any color; fatigues; tie dyes; mid-calf; sweatpants; shorts; harem; spandex pants; or tight-fitting or stretch pants and leggings.

\* \* \*

~~(iii) **Timely Submission of Reports and Record:** A failure to timely submit accurate reports or records or other similar matters required for clearing or verifying a day's Transactions is prohibited. The failure of a TIPS<sup>®</sup> clerk to timely enter trade data in accordance with Floor Trading Rule 4.32 shall~~



~~give rise to the issuance of a summary sanction, in accordance with the following schedule, against the Member whose trade data is not timely entered.~~

<del>1st Occurrence</del>	<del>\$100</del>
<del>2nd Occurrence within a 12 month period</del>	<del>\$500</del>
<del>3rd Occurrence within a 12 month period</del>	<del>1,000</del>
<del>4th Occurrence</del>	<del>Referral to the BCC</del>

~~*(c) Request for Review of Floor Fines*~~

~~A review of any fine imposed for a violation of paragraph (b) of this Rule may be initiated at the request of the Member so fined or by the Chairman of the Executive Floor Committee. If the Member fined initiates the request for a review in accordance with subparagraph (i) hereof, the review shall be conducted pursuant to subparagraph (i) and not subparagraph (ii). If the conduct underlying the issuance of a fine pursuant to this Rule 21.25 also is the subject of a hearing conducted pursuant to Rule 21.26, then the hearing conducted pursuant to Rule 21.26 shall constitute the review of the fine issued under this Rule and the written decision of the Panel issued at the conclusion of such hearing shall constitute the final decision of the Exchange with respect to the fine issued pursuant to this Rule. The procedures to initiate a review are as follows:~~

~~(i) If initiated by a Member so fined, a written request for review must be given to the Vice President of Market Regulation within seven (7) Business Days after the date such fine is imposed along with a written statement setting forth in reasonable detail the factual and/or other basis for the appeal; the names of witnesses that the Member will seek to present; a description of documents that the Member will seek to present in support of the appeal; and if the Member is to be represented by counsel or other representative, the name and address of such counsel or representative. In the event such request is not made within seven (7) business days, all rights to request a review shall be waived and the fine imposed shall become final.~~

~~(ii) If initiated by the Chairman of the Executive Floor Committee, the decision to review shall be made within seven (7) Business Days of the date the fine was imposed. In the event such decision is not made within such seven (7) Business Days, the fine imposed shall become final. In the event a decision to review a fine has been initiated by the Chairman, the fined Member and the Committee member (or the Floor Committee members, in the case of a Ring Fine) who imposed the fine shall be so notified in writing along with a statement setting forth the basis for conducting such review. The Member so fined shall have seven (7) Business Days from receipt of such notice to file an answer or other written statement setting forth the Member's position regarding the fine; a description of any witnesses that the Member will seek to present; and a statement as to whether the Member will be represented by counsel or other person and the name and address of such counsel or other person.~~

~~(iii) The Exchange shall provide the Member with a list of witnesses who may be called and copies of any documents that may be presented at the hearing in support of the fine within seven (7) Business Days following receipt of a request for review under paragraph (i) or seven (7) Business Days following the issuance of a notice of review pursuant to paragraph (ii).~~

~~*(d) Procedures for Review of Trading Floor Fines*~~

~~(i) **Panel Appointment:** The Vice President of Market Regulation shall promptly forward the request for review of any fine to the Chairman of the Floor Committee. The Chairman shall designate a Panel of no less than three (3) Committee members, a majority of which shall have not been present at the trading ring at the time of the alleged violation. Any review of a fine issued for a~~

~~violation of paragraph (b)(i)(B)(6) or (b)(i)(A)(15) of this Rule and any review of a fine initiated by the Chairman of the Executive Floor Committee shall be conducted by a Panel comprised exclusively of members of the Executive Floor Committee. The Chairman of the Executive Floor Committee shall designate a Panel of no less than three (3) Committee members, a majority of which shall have not been present at the trading ring at the time of the alleged violation.~~

~~Each Panel shall be comprised of members from at least three (3) trading rings. No panel member shall hear or decide any matter in which that member has a direct financial, personal or other interest.~~

~~Any objection to a member appointed to a Panel shall be made in writing by the Member to the Committee Chairman who appointed the Panel within three (3) Business Days of being advised of such appointment and must include the basis for such objection. The Committee Chairman shall then determine whether changes in the composition of the Panel are appropriate and, if so, shall make such changes.~~

~~(ii) **Review Procedure:** Each Panel shall determine the procedures to be followed in any hearing conducted by it except that the following shall apply in each case:~~

~~(A) The case in support of the floor fine shall be presented by the Floor Committee member who issued the fine or by the Compliance staff.~~

~~(B) The fined Member shall be allowed to be represented by legal counsel or any other representative of his choosing, and, either personally or through such representative, to present witnesses and documentary evidence and to cross-examine witnesses.~~

~~(C) On written request to the Secretary, the Exchange shall provide the Member access to all books, documents and other tangible evidence in the possession of the Exchange that are relevant to the fine being reviewed.~~

~~(D) No formal rules of evidence shall apply, and the Panel shall be free to accept or reject any and all evidence it considers proper.~~

~~(E) A record of the proceeding, either verbatim or capable of being transcribed into verbatim form, shall be made, provided, however, that such record need not be transcribed unless the Member so requests or the Exchange so determines.~~

~~(F) The Panel shall have all the power to compel testimony and production of documents as set forth in Rule 21.04.~~

~~(iii) **Sanctions and Decision of Panel:** The Panel may affirm, rescind or modify any such fine imposed in whole or in part, and, based upon the facts as determined by the Panel at the hearing, may change the particular subsection of paragraph (b) for which the fine is imposed;~~

~~(A) A modification of such fine imposed may include, among other things, an increase up to the maximum amount permitted in paragraph (a) of this Rule for each violation.~~

~~(B) In addition, for each violation of paragraph (b)(i)(A)15, the Panel may deny access to the Trading Floor for up to five (5) Business Days.~~

~~(C) Promptly following any hearing the Panel shall render a written decision based on the weight of the evidence contained in the record of the proceeding and shall provide a copy of the decision to the Member. The decision shall include (i) a summary of the charges; (ii) a summary of the answer or other response of the Member; (iii) a brief summary of the evidence produced at the hearing; (iv) a statement of findings and conclusions with respect to each charge, including the~~

specific rules found to have been violated; and (v) a declaration of any penalty imposed and the effective date of such penalty.

Any action taken by a Panel under this Rule shall become effective and final fifteen (15) calendar days after notice of the action taken is given to the Member. The decision of the Panel shall constitute the final action of the Exchange.

(e) Any matter may be referred to the Compliance staff for investigation, provided, however, that any member of the Floor Committee or of the Executive Floor Committee who has participated in such matter pursuant to Rule 21.25 shall be disqualified from serving on any panel of the Business Conduct Committee hearing such matter.

~~Amended by the Board February 7, 2007; effective February 8, 2007 [111 (b)(i)(A)(17) and (22) and (b)(i)(B)(12)].~~

~~Amended by the Board June 10, 2009; effective June 15, 2009 [11 (c)].~~

~~Amended by the Board July 8, 2009; effective July 13, 2009 [111 (a) and (d)(iii)].~~

#### **Rule 21.26 Reserved Rule 21.26. Executive Floor Committee Summary Action**

(a) If at any time, the Executive Floor Committee, the President, or any Vice President of the Exchange determines or has a reasonable basis to believe that the presence of a Member or Clerk on the Trading Floor, in the Write-up Room or other Exchange premises presents an imminent threat to the safety or well-being of Members or employees or is, or threatens to be, disruptive to the orderly operation of the Exchange, the Executive Floor Committee, President or such Vice President may suspend, deny access to the Exchange's premises or take any other action against such Member or Clerk as it may deem necessary or appropriate to protect the best interest of the marketplace. The powers of the Executive Floor Committee pursuant to this Rule may be delegated to a subcommittee consisting of at least three (3) members of the Executive Floor Committee as the Chairman of the Committee may decide in his sole discretion.

(b) Except as provided hereafter, any action taken pursuant to paragraph (a) of this Rule shall be taken after notice to the Member or Clerk against whom the action is taken and an opportunity for such Member or Clerk to be heard. Such notice shall state (i) the situation which is believed may give rise to the need for the action and (ii) the date, time and place of the hearing which shall be held before the Executive Floor Committee.

(c) Notwithstanding the provisions of paragraph (b) hereof, action may be taken pursuant to paragraph (a) of this Rule without giving prior notice and opportunity to be heard if (i) such Member or Clerk shall have waived such notice and/or opportunity or (ii) the Executive Floor Committee, President or any Vice President determines or has a reasonable basis to believe that (A) the furnishing of notice and/or opportunity to be heard before taking such action is not practicable under the circumstances and (B) immediate action is necessary to protect the best interests of the marketplace. In any case in which action is taken without prior notice and/or opportunity to be heard, the Exchange shall promptly give the Member or Clerk written notice (i) stating the action taken, (ii) briefly stating the reasons for the action, (iii) stating the effective time, date and duration of the action and (iv) advising the Member or Clerk of the right to a hearing with respect to the matter. Any hearing requested by the Member or Clerk shall be conducted no later than the second (2<sup>nd</sup>) Business Day following receipt of a request for such hearing by the Exchange.

(d) Prior to commencement of any hearing conducted pursuant to this Rule, the Exchange shall advise the Member or Clerk who is the subject of the proceeding as to the names of each member of

~~the Executive Floor Committee or subcommittee that will hear the matter. Any objection to such a member hearing the matter shall be made promptly in writing to the Chairman of the Executive Floor Committee and shall include the basis for such objection. The Chairman of the Committee shall rule on all such objections.~~

~~(e) At any hearing conducted under this Rule, the Executive Floor Committee shall determine the procedures to be followed, except that the following shall apply in every case: (i) at the hearing, the Compliance staff shall present such evidence and considerations as may tend to show that the continued presence of the Member or Clerk on Exchange premises presents a threat to the safety or well being of Members or employees or is disruptive to the orderly operation of the Exchange; (ii) the Member or Clerk shall be allowed to appear personally and/or to be represented by legal counsel or any other representative of his choosing and, either personally or through such representative, to present witnesses and documentary evidence and to cross-examine witnesses; (iii) the formal rules of evidence shall not apply, and the Executive Floor Committee shall be free to accept or reject any and all evidence as it considers proper; and (iv) a substantially verbatim record capable of being transcribed shall be made of the proceeding, provided, however, that such record need not be transcribed unless the Member or Clerk requests or the Exchange so determines.~~

~~(f) Within two (2) Business Days following the conclusion of any hearing, the Executive Floor Committee shall render a written decision based on the weight of the evidence contained in the record of the hearing and shall provide a copy of the decision to the Member or Clerk. The decision shall include: (i) a description of any action taken before the hearing; (ii) the reasons for any action taken before the hearing; (iii) a brief summary of the evidence produced at the hearing; (iv) the findings and conclusions of the hearing body; (v) a determination that any action previously taken should be affirmed, modified or reversed; (vi) a declaration of any action to be taken pursuant to the determination made in clause (v) of this paragraph, (vii) the effective date and duration of such action and (viii) the date upon which such decision becomes final. Notwithstanding the foregoing, the hearing body may take action pursuant to this Rule prior to the rendering of the written decision, if such hearing body, in its sole discretion, deems it necessary or appropriate to do so.~~

~~(g) Any action taken by the Executive Floor Committee under this Rule shall become effective and final fifteen (15) days after notice of the action taken is given to the Member or Clerk, or such other time as the Committee may specify, provided, however, that the Executive Floor Committee reasonably believes, and so states in its written decision, that action at or within such other time is necessary to protect the best interests of the marketplace. The decision of the Executive Floor Committee shall constitute the final decision of the Exchange.~~

~~Amended by the Board June 10, 2009; effective June 15, 2009 [11] (a) through (c)].~~

## **Rule 21.32. Decision**

(a) Promptly following any hearing pursuant to Rule 21.31, the Board or the Subcommittee shall render a written decision based on the weight of the evidence contained in the record of the hearing and shall provide a copy of the decision to the Member. The decision shall include:

\* \* \*

(vi) a declaration of any action to be taken pursuant to the determination made in subparagraph (v) of this Rule, the effective date and duration of such action and the date upon which such decision becomes final.

Notwithstanding the foregoing, the Board or the Subcommittee may take action pursuant to Rule 21.29 prior to the rendering of the written decision, if the Board or the Subcommittee in its sole discretion deems it necessary or appropriate to do so.

~~(b) In any case where a Member is suspended, or action is otherwise taken against a Member pursuant to Rules 21.27, 21.28, 21.29 and 21.32, the Exchange shall immediately announce the same on the Floor of the Exchange.~~

(eb) Any action taken by the Board or the Subcommittee under Rule 21.29 shall become effective and final fifteen (15) days after notice of the action taken is given to the Member, or such other time as the Board or the Subcommittee may specify, provided that the Board or the Subcommittee reasonably believes, and so states in its written decision, that action at or within such other time is necessary to protect the best interests of the marketplace. The decision of the Board or the Subcommittee shall not be subject to appeal.

#### **Rule 21.34. Obligations of Creditors of Suspended Member**

(a) Unless the Board or a subcommittee of the Board appointed by the Chairman and comprised of the CEO of ICE, the Chairman and President of the Exchange and any two (2) Public Directors of the Exchange shall direct otherwise, all Commodity Contracts traded on this Exchange made with or carried for a Member suspended under this Chapter shall be closed by the other party thereto or the party carrying the same in the open market within three (3) business hours after ~~the announcement publication~~ of said Member's suspension ~~on the Floor of the Exchange~~.

(b) Any Member closing such contracts shall promptly notify the suspended Member of the time and price at which such contracts were closed, which price shall be the basis of settlement between the parties.

[REMAINDER OF THE RULE UNCHANGED]

#### **Rule 21.36. Sale of Membership—Procedure**

(a) Whenever a sale of any Membership of any Member is conducted by the Exchange pursuant to the Rules, a written notice of such sale stating the date and time of such sale shall be sent to the Membership and such Member at least ten (10) days prior to such sale.

~~(b) All sales shall be made by the President on the Floor of the Exchange to the highest bidder at open outcry. The Exchange shall be bound to bid at the highest bid then registered with the Exchange. The Exchange or any Member thereof may, at such sale, purchase any such Membership and may thereafter sell or dispose of the same in any manner provided for in the Rules.~~

(be) Payment for such Membership shall be made to the Exchange by an Official Teller's check or similar instrument issued by a bank or such other financial institution acceptable to the Exchange.

The sale of a Membership under this Rule shall be final and binding and shall not be subject to challenge. The proceeds of any such sale shall be paid and applied in accordance with Rule 2.24.

### **RESOLUTIONS**

#### **~~No. 1. Summary Action by Ring Supervisors~~**

~~RESOLVED, that the Board of Directors hereby authorizes Ring Supervisors, acting as agents for the Floor Committee, to issue summary sanctions against anyone who blocks a Member's entry to or exit from a trading ring.~~

#### **No. 21. Summary Action by Security and Floor Operations Staff**

RESOLVED, that the Board of Directors hereby authorizes any employee of the Exchange's Security Department, ~~the Senior Vice President, Floor Operations, and any Vice President or Manager of Floor Operations acting as agent for the Floor Committee~~ to issue summary sanctions for the following violations listed in Rule 21.25(b)(i)(A), provided, however, that the violation is witnessed by said individuals:

1. Running on the Trading Floor or adjacent corridors;
2. Smoking, eating or drinking, except in areas specifically designated by the Exchange;
3. Leaving or throwing refuse on the furniture, fixtures or floor;
- ~~4. Sitting on cabinets, desks or floor;~~
45. The defacing or damaging of walls or other facilities;
- ~~6~~5. Failure to wear required identification badges; and
67. Failure to conform to the mandatory forms of dress and appearance.

**No. ~~3~~2. Summary Action Fine Schedule**

RESOLVED, that the Board of Directors hereby establishes the following schedule of minimum sanctions to be imposed pursuant to Rule 21.25:

For Non-Conformity to Dress Code [Rule 21.25(b)(ii)] and Breach of Decorum [Rule 26.25(b)(i)(A)]:

First Offense	Minimum \$100
Second Offense within six (6) months	Minimum \$250
Third Offense within six (6) months	Minimum \$500
Fourth Offense within six (6) months	Mandatory Review by Executive Floor Committee

For a Trade Practice Violation [Rule 21.25(b)(i)(B)]:

First Offense	Minimum \$250
Second Offense within six (6) months	Minimum \$500
Third Offense within six (6) months	Minimum \$1000
Fourth Offense within six (6) months	Mandatory Review by Executive Floor Committee

# ELECTRONIC TRADING RULES

## Rule 27.22. Pre-Execution Communications

(a) For the purposes of this Chapter, pre-execution communications shall mean communications between two (2) market participants for the purpose of discerning interest in the execution of a Transaction prior to the terms of an order being entered on the ETS and visible to all market participants on the electronic trading screen.

(b) A market participant may engage in pre-execution communications with regard to Transactions executed on ETS where a market participant wishes to be assured that another market participant will take the opposite side of an order under the following circumstances:

\* \* \*

(iii) In the case of Option orders, a Transaction cannot be executed following a pre-execution communication unless a Crossing Order ("CO") which contains both the buy and sell orders is entered into ETS. Once the terms of a CO have been agreed, the parties may not delay entry of the CO and may not enter a Request for Quote ("RFQ") until the CO is transacted.

~~(c) Pre-execution communications are prohibited in connection with Transactions executed by open outcry on the Trading Floor.~~

## Rule 27.23. Dual Trading

(a) Prohibited Purchases. A Person ~~Floor Broker~~ may not purchase, either on ETS or in the open outcry market, any Exchange Commodity Contract for his own account or for any account in which he has any direct or indirect interest while holding an order of another Person for the same Commodity for the purchase of an Exchange Commodity Contract, which is executable at the market price or at the price at which such purchase can be made for the Person's ~~Floor Broker's~~ own account or for the account in which he has an interest.

(b) Prohibited Sales. A Person ~~Floor Broker~~ may not sell, either on ETS or in the open outcry market, any Exchange Commodity Contract for his own account or for any account in which he has any direct or indirect interest while holding an order of another Person for the same Commodity for the sale of an Exchange Commodity Contract, which is executable at the market price or at the price at which such sale can be made for the Person's ~~Floor Broker's~~ own account or for the account in which he has an interest.

**Rule 27.26. Execution of Customer Orders When Electronic and Open Outcry Markets Are Both Open-Reserve.**

~~(a) When the open outcry and ETS markets are open for trading at the same time, Members, Clearing Members and Registered Operators must exercise due diligence in the handling and execution of Customer orders.~~

~~(b) A Customer should choose to designate in which market, open outcry or ETS, his order should be executed. If the Customer gives the Floor Member, Clearing Member or Registered Operator discretion in designating the market in which the order should be executed, the Floor Member, Clearing Member or Registered Operator must use due diligence in making such determination.~~

~~(c) Prices traded on ETS do not elect open outcry orders, and Floor Brokers shall not be held to prices that are only available in the ETS market.~~

**Rule 27.30. Errors and Omissions in Handling Orders**

(a) If a Registered Operator who inadvertently, through error or omission, fails to execute an order in ETS at the time it should have been executed, and the order cannot be executed at a price which is better than or equal to that which the order should have received, the Registered Operator may, upon discovery of such error or omission, execute such order at the best obtainable price in either ETS or, if applicable, the open outcry market. Such order should be executed in the next available Exchange Trading Session for the applicable listed Exchange Commodity Contract, but, in any event, no later than the close of the next ETS Trading Session and shall be reported to the Customer at the price at which the order was actually executed.

~~(b) If the Registered Operator is a Floor Broker, the Floor Broker may handle his error or omission in accordance with Rule 4.30.~~

~~(b)~~ (e) In no case may a Customer receive a price which is worse than that which the Customer should have received had the error not occurred. If such price is to the advantage of the Customer, the Customer shall receive the benefit thereof, if not, the Customer shall receive such monetary adjustment as will afford the Customer the equivalent of the price at which such order should and could have been executed.