



Web 2009-4

May 7, 2009

Dear Members & Rulebook Recipients:

Housekeeping changes have been made to the Articles of Incorporation and Chapters 2 and 3. Further, the following Chapters have been amended:

<b><u>Chapter</u></b>	<b><u>Rules</u></b>	<b><u>Purpose</u></b>
2 Government	216.00. & 217.00.	To allow MGEX employees to be Record Owners.
3 Membership	310.00. & 310.01.	To allow MGEX employees to be Record Owners.
	370.00.	To place ownership limitations on MGEX employees.

You can view these changes by visiting the MGEX website at <http://www.mgex.com>:

1. On the top, go to "RESOURCES" and click "Rules and Regulations"
2. In the middle of the page, click "Click here to download changes to MGEX RULES AND REGULATIONS"
3. Then print if you wish to obtain an updated hard copy for your book.

If you have any questions or problems accessing the Rulebook, please contact Layne G. Carlson at (612) 321-7169 or [lcarlson@mgex.com](mailto:lcarlson@mgex.com).

A handwritten signature in black ink that reads "Layne G. Carlson" followed by a stylized flourish.

Layne G. Carlson  
Corporate Secretary





**ARTICLES OF INCORPORATION  
OF  
MINNEAPOLIS GRAIN EXCHANGE**

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**I.**

STATE OF MINNESOTA, } SS  
County of Hennepin }

Be it know that we, H.G. Harrison, A. C. Rand, John Dunham, A. H. Bode, E. V. White, R. P. Russell, T. J. Buxton, W. F. Meader, C. M. Loring, A. D. Mulford, S. P. Snider, A. B. Taylor, D. C. Bell, Anthony Kelly, James A. Lovejoy, F. L. Morse, D. Syme, S.W. Serl, R. McMullen, John R. Coykendall and R. L. Crockett, the undersigned, all citizens of the State of Minnesota, and resident of the City of Minneapolis, county and state aforesaid, have this 6th day of October, A. D. 1881, associated ourselves together under an act of the legislature of said state, approved March 6, 1868, as amended by chapter thirty-seven (37) of the general laws of 1881, as a body corporate, to be called the Minneapolis Grain Exchange.

The general objects and purposes of this Corporation are: To facilitate the buying and selling of all products, to inculcate principles of justice and equity in trade, to facilitate speedy adjustments of business disputes, to acquire and disseminate valuable commercial information, and, generally, to secure the benefits of cooperation in the furtherance of legitimate business pursuits, and to advance the general prosperity and business interests of the region and the nation.

**II.**

The location of said Corporation shall be in the City of Minneapolis, aforesaid.

**III.**

The Board of Directors of this Corporation shall consist of eight (8) members, all of whom shall be Members of the Corporation at the time of their election. The eight (8) Directors shall hold their offices for a term of two (2) years and until their successors are elected and qualified. The Directors shall be elected at the Annual Election. The Board as a whole shall elect annually at the first meeting of the new Board a Chairman, a First Vice Chairman and a Second Vice Chairman. The election shall be under the supervision of the Senior Director.

The eight (8) Directors may, in their discretion, elect additional Directors, none of whom shall be Members of the Corporation, and the term of each Director so elected shall end on the second Thursday of October. The salaried President of the Exchange shall automatically serve on the Board as a nonvoting Member.

All vacancies on the Board of Directors shall be filled by the Board of Directors for the unexpired term of the person whose office becomes vacant.

The Annual Election shall be held in the Exchange Room of the Corporation on the first Thursday in October in each year or may be held by mailed ballot of the entire Membership. The Board of Directors

shall elect annually at their first meeting after the Annual Election a Secretary and a Treasurer and, in their discretion, a President and/or Vice Presidents of the Corporation who shall not be Members of the Corporation and who shall hold their respective offices for one year or until their successors are elected and qualified or, in the case of a President and/or Vice Presidents, until the Board of Directors at any such first meeting determines not to reelect or to elect successor(s). At any time when no President and/or Vice Presidents have been elected or when a vacancy exists in those offices, the Board of Directors, at a special meeting thereof called for such purpose, may elect a President and/or Vice Presidents who shall hold office until the election and qualification of successor(s) or until the determination of the Board of Directors not to reelect or to elect successor(s) as above provided. The President and/or Vice Presidents shall not succeed to the office of Chairman and shall have such duties and powers as may be conferred upon him (them) by the general Rules or customs of the Corporation or by the Board of Directors from time to time. The offices of President and/or Vice Presidents, Secretary and Treasurer, or any two of them, may be held by the same person.

#### IV.

The Directors, who shall serve until the next Annual Meeting, to be held on the first Thursday in October, 1882, or until their successors are elected and qualified, shall be the following named incorporators, vis: H. G. Harrison, A. D. Mulford, T. J. Buxton, James A. Lovejoy, R. P. Russell, F. L. Morse, W. F. Meader, John Dunham, S. W. Serl, D. Syme, R. McMullen, A. B. Taylor and John R. Coykendall.

#### V.

The Officers of said Board and of this Corporation, who shall serve until the next Annual Meeting of this body or until their successors are chosen and qualified, shall be as follows:

President - H. G. Harrison  
 Vice Presidents - A. D. Mulford, A. B. Taylor  
 Secretary - G. D. Rogers  
 Treasurer - T. J. Buxton

Nothing herein shall prevent this body from choosing additional officers, nor from the adoption of any rules and bylaws consistent herewith.

H. G. HARRISON	SAMUEL P. SNIDER
H. C. RAND	A. B. TAYLOR
JOHN DUNHAM	D. C. BELL
A. H. BODE	ANTHONY KELLY
E. V. WHITE	JAMES A. LOVEJOY
R. P. RUSSELL	FRANK L. MORSE
T. J. BUXTON	D. SYME
W. F. MEADER	S. W. SERL
C. M. LORING	ROBT. McMULLEN
A. D. MULFORD	JOHN R. COYKENDALL
R. L. CROCKETT	

STATE OF MINNESOTA, } SS  
County of Hennepin }

On the 11th day of October, 1881, before me, a Notary Public in and for said county, personally appeared H. G. Harrison, A. C. Rand, John Dunham, A. H. Bode, R. P. Russell, T. J. Buxton, W. F. Meader, A. D. Mulford, A. B. Taylor, D. C. Bell, Anthony Kelly, James A. Lovejoy, S. W. Serl, Robert McMullen, John R. Coykendall and R. L. Crockett, and on the 12th day of October, 1881, before me personally appeared Samuel P. Snider, and E. V. White, all the above named to me personally known and known to be the same persons described in and who executed the foregoing instrument, and they severally acknowledged that they executed the same freely and voluntarily for the uses and purposed therein mentioned.

(Notarial Seal)

WEED MUNROE,  
Notary Public  
Hennepin County, Minn.

I hereby certify that the within instrument was filed for record in this office on the 19th day of October, A. D. 1881, at 9:30 o'clock A. M. and was duly recorded in Book F, of "Incorporations," on pages 421 and 424 inclusive.

STATE OF MINNESOTA, } SS  
Department of State }

FRED VON BAUMBACH  
Secretary of State

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NOTICE OF THE FIRST MEETING OF THE CHAMBER OF COMMERCE  
OF MINNEAPOLIS

STATE OF MINNESOTA, } SS  
County of Hennepin }

We, the undersigned corporators named in the Articles of Incorporation above set forth, which has been duly signed for record, as appears by the above certificate of the Secretary of State, hereby give notice that the first meeting of The Chamber of Commerce of Minneapolis as a body corporate, will be held on the fifteenth day of November, 1881, at 7:30 o'clock P. M., in the basement of Security Bank Building, corner of Hennepin Avenue and Third Street North, City of Minneapolis, county and state aforesaid, the purposes of said meeting being to adopt bylaws, rules and regulations for the government of said body, to choose all officers and committees not provided for in said Articles, and generally to transact such other business as may properly come before said meeting.

Dated this 21st day of October, A. D. 1881.

H. G. HARRISON, President  
A. D. MULFORD, Vice President



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## **RULES**

### **CHAPTER 2 GOVERNMENT**

#### **200.00. ANNUAL ELECTION.**

An Annual Election shall be held on the first Thursday in October in each year.

Insofar as practicable, at each Annual Election not more than four (4) Directors, who are Members of the Corporation, shall be elected for terms of two (2) years each, so that said Directors, who are Members of the Corporation, shall at all times total eight (8) in number. See [Rule 372.00.N](#).

All vacancies on the Board of Directors shall be filled by the Board of Directors for the unexpired term of the person whose office becomes vacant.

After each Annual Election and after the newly elected Directors who are Members of the Corporation are qualified, the Board of Directors shall elect annually, by secret ballot, a Chairperson, a First Vice Chairperson and a Second Vice Chairperson. The election of the Officers shall be under the supervision of the Senior Director. No Director may serve more than three (3) consecutive one year (1) terms as Chairperson.

After each Annual Election or to fill vacancies, the Chairperson and President shall nominate persons for the position of Public Director. Such nominees may then be elected to the Board of Directors by the eight (8) members of the Board, who are Members of the Corporation. Each Director thus elected by the Board shall serve through the second Thursday of October. There shall be a total of four (4) Public Directors.

#### **200.01. ANNUAL ELECTION: NOTICE OF.**

Notice of the Annual Election shall be posted on the Official Bulletin Board and disseminated to Members at least three (3) weeks before the date of such Election. This notice shall give the date of the Annual Election, the vacancies to be filled, shall indicate thereon the term of office in filling each of the vacancies and cite the Rules of the Corporation relative to the procedure for nominating candidates.

#### **201.01. VACANCIES: NOMINATIONS COMMITTEE TO DETERMINE.**

At least thirty (30) days prior to each Annual Election, the Secretary shall provide the Nominations Committee with a list containing the names of all members of the Board of Directors, who are Members of the Corporation, and the dates when their terms of office will expire. The Nominations Committee shall give due consideration to this list and shall determine the vacancies that are to be filled at such Annual Election.

#### **201.02. NOMINATIONS COMMITTEE: CANDIDATES.**

The Nominations Committee shall direct the Secretary to solicit from the Membership individuals to serve on the Board of Directors. Such individuals must provide written confirmation to the Secretary of their intention to be nominated. See [Rule 372.00.N](#).

**201.03. CANDIDATES: NUMBER TO BE NOMINATED.**

The Nominations Committee shall nominate any number of candidates. Except by petition, no individual can be placed on the ballot without being nominated by the Committee.

**201.05. NOMINATING PETITIONS: REQUIREMENTS FOR.**

Nominating Petitions for candidates shall indicate the name of the candidate, including the term of office.

**201.06. NOMINATING PETITIONS: FILING OF.**

Nominating Petitions, with the required signatures, must be filed with the Secretary not later than twelve o'clock (12:00) Noon on the second Thursday before the Annual Election. The Secretary shall record on each Nominating Petition the date and time at which it was filed and cause each name to be examined to verify the signer's eligibility to sign. Not fewer than twenty (20) Record Holders must sign a petition to have a candidate placed on the ballot.

**201.09. NOMINATIONS: POSTING LIST OF.**

On the next business day following the second Thursday before the Annual Election, the Secretary shall post upon the Official Bulletin Board a list of the nominations that have been duly made for Directors.

**202.00. BALLOT: FORM OF.**

Upon expiration of the time for filing Nominating Petitions, the Secretary shall prepare a form of ballot. The ballot shall list all candidates in one (1) section. The section shall be marked to indicate the number of candidates to be elected, the term of office and, if the candidate is running for re-election, the word incumbent shall be used. The candidates shall be listed in alphabetical order. The candidates receiving the most votes shall be declared elected. Voting for more than the indicated number of candidates shall cause the ballot to be null and void.

**202.01. VOTING: PROCEDURE.**

The Secretary shall, at least eight (8) days prior to the date of the Annual Election, or prior to the date fixed by the Board of Directors for any voting by ballot, forward to the authorized voter of each Record Owner in good standing a duly prepared ballot, with a line for the signature of the authorized voter, and an envelope addressed to the Secretary. The ballot is to be marked, signed and returned to the Secretary. The Secretary shall place all such ballots and envelopes in a locked ballot box.

**202.02. VOTING: QUALIFICATIONS FOR.**

Any Record Owner shall be entitled to vote at any election or upon any question that may come before the Corporation for vote if the Record Owner is in good standing, but not otherwise.

**202.03. VOTING: NUMBER OF VOTES PERMITTED.**

Each Record Owner of a membership shall be entitled to one vote for each membership. However, no Record Owner of multiple memberships may cast ballots for more than twenty percent (20%) of

the Exchange's outstanding memberships, regardless of the number of memberships owned. This restriction shall apply to individuals, corporations, partnerships, associations, joint stock companies, trusts, or unincorporated associations as defined in the Rulebook. Memberships owned directly or indirectly by the Record Owner through subsidiaries or affiliates shall be included in compiling the total number of ballots that may be cast by any entity.

#### **202.04. VOTING: POLLS CLOSE.**

All ballots for the Annual Election or on any question submitted to the Owners for vote, in order to be counted, must be received at the office of the Secretary before twelve o'clock (12:00) Noon on the date designated for such voting.

#### **202.05. TELLERS: APPOINTMENT AND DUTIES.**

The President, prior to any election or other voting by ballot by the Owners, shall appoint three (3) tellers to count the ballots, who shall act only when all three (3) tellers are present.

The tellers shall obtain from the Secretary the locked ballot box and a list of Owners in good standing at the time of the election. The tellers shall open the ballot box and remove therefrom all envelopes containing ballots. The tellers shall then open all the outside envelopes, and they shall discard the ballots of all persons who are not Owners in good standing.

The tellers shall indicate on the list of the Owners in good standing, furnished by the Secretary, the names of the Owners who have voted at such election. The tellers shall then count the ballots and shall make a signed report of the results of the election in writing to the President. Such report shall be entered upon the proper record books of the Corporation, and the Secretary shall post a copy thereof on the Official Bulletin Board and disseminate the results to the Members and Owners of the Corporation.

#### **202.06. CANDIDATES: DECLARED WINNERS.**

A plurality of the total votes cast for all candidates to fill any vacancy at any election shall elect the candidate receiving such plurality.

#### **202.07. BALLOTS: PRESERVATION OF.**

The Secretary shall preserve all ballots for at least two (2) months in order that they may be available for examination if so ordered by the Board of Directors.

#### **202.08. PROCEDURES IN THE EVENT OF A TIE VOTE.**

In the event a candidate to be elected cannot be declared to have won a seat on the Board of Directors because of a tie vote, there shall be a special run-off Election. **Rules 202.00.** through **202.07.** will govern the special Election. The special run-off Election shall be held as quickly as possible after it is known that a Director cannot be seated. The President and the Secretary shall set the date for this Election.

#### **203.00. MEETINGS OF MEMBERS.**

Meetings of the Members shall be held upon call of the Chairperson. The Chairperson may call such meetings at discretion and shall call them pursuant to instructions from the Board of Directors.

Such meetings may be held at any time or place and for any purpose as the Chairperson or the Board of Directors shall provide. Meetings of the Members shall also be called by the Chairperson upon written request signed by not fewer than fifty-five (55) Members stating the object for which such meeting is desired.

Except when a longer time is specifically required by the Rules, notice of every meeting stating the time, place and purpose of the meeting shall be disseminated to all Members and to all nonmember officers or directors, properly addressed according to the last available corporate records, not fewer than five (5) nor more than thirty (30) days prior to the meeting, excluding the date of the meeting, and a copy of such notice shall be posted on the Official Bulletin Board for at least five (5) consecutive days prior to the date of the meeting.

#### **203.01. MEETINGS OF MEMBERS: NOTICE OF.**

Notice of meetings of the Members shall state the time, place and purpose of such meetings, and no business other than that for which a meeting has been called shall be considered or transacted at such meeting.

#### **203.02. MEETINGS OF MEMBERS: HOW CONDUCTED.**

Except as provided otherwise in the Minnesota Non-Profit Corporation Act as amended or in the Articles and Rules of this Corporation, meetings of the Members shall be conducted in accordance with the established practices of Parliamentary Law; and, in case of a dispute, "Robert's Rules of Order" shall govern.

#### **204.00. AMENDMENT OF RULES: DEFINITION.**

The expression "Amendment of the Rules" shall mean any amendment or addition to the existing Rules of the Corporation or any portion thereof, except for housekeeping changes made pursuant to [Rule 242.00](#).

#### **204.01. AMENDMENT OF RULES: PROCEDURE.**

The Rules of the Corporation may be amended only by an affirmative vote by ballot of at least a majority of the Owners in good standing present in person or represented by Proxy at any meeting of the Owners; PROVIDED, that at least one hundred (100) Owners were present in person or represented by Proxy at the meeting, and PROVIDED FURTHER, that prior to such meeting the following terms and conditions shall have been met:

- A. The Board of Directors must have proposed the amendment by adopting a resolution setting forth the proposed amendment and directing that it be submitted for adoption at a meeting of the Owners, and directing the Chairperson to call a meeting of the Owners to consider the adoption of the proposed amendment.
- B. Notice of the meeting of the Owners stating the time, place and purpose thereof, together with a copy of the proposed amendment and of any recommendation, explanation or comment concerning the proposed amendment that the Board of Directors may desire to make, and an Instructed Proxy form wherein the Owner may direct the Proxy whether to vote for or against each proposed amendment with a return envelope

addressed to the Secretary of the Corporation, must have been disseminated to each Owner of the Corporation and to each nonmember officer or director thereof, properly addressed according to the latest available corporate records, not fewer than ten (10) days nor more than thirty (30) days before the meeting, excluding the day of the meeting, and must have been posted on the Official Bulletin Board for at least two (2) consecutive weeks prior to the date of the meeting.

#### **204.02. AMENDMENT OF RULES: DATE EFFECTIVE.**

All amendments to the Rules, unless otherwise specifically provided, shall become effective at the opening of the market on the next business day following their adoption.

#### **210.00. BOARD OF DIRECTORS: COMPOSITION AND TERMS OF OFFICE.**

The government of the Corporation shall be vested in a Board of eight (8) Directors, all of whom shall be Members of the Corporation at the time of their election, together with four (4) Public Directors all of whom shall be elected by the eight (8) Directors in accordance with Article III of the Corporation's **Articles of Incorporation**.

The terms of office of the eight (8) Directors who are Members of the Corporation shall commence on the second Monday succeeding their election and continue until their successors have been elected and qualified.

#### **210.01. BOARD OF DIRECTORS: POWERS.**

The Board of Directors ("Board") is the governing body of the Minneapolis Grain Exchange ("Exchange") and has the power to:

- A. control all property of the Exchange;
- B. provide, acquire and maintain suitable Exchange quarters and facilities;
- C. review and approve all standing and special committees appointed by the Chairperson;
- D. review and approve the appointment of a President;
- E. review and approve the appointment, titles and responsibilities of all Exchange employees above the level of department head;
- F. delegate its powers to Committees of the Board, or Committees of the Corporation, or officers or employees, if such delegation is not inconsistent with the Charter, Rules, customs or usages of the Corporation;
- G. approve all contracts to be executed on behalf of the Exchange by the Chairperson, President or other designated officers;
- H. designate and authorize specific appointed officers to act on behalf of the Board to execute contracts within specified limits;

- I. appoint a Counsel to the Board;
- J. fix, determine and levy all Membership dues, fees and assessments;
- K. act in a judicial capacity (except when such function has been delegated to an appropriate committee as set forth in [Rule 600.00.](#)) when, at its discretion, it chooses to hear an appeal from a decision rendered by a Hearing Committee, and to ratify certain penalties imposed by a Hearing Committee;
- L. determine the commodities traded, the delivery months, hours of trading, the days of the contract month in which delivery may be made, and margin requirements;
- M. declare any day to be a holiday, during which the Exchange shall not be open for business;
- N. recommend changes to the Rules of the Exchange and rescind Rules governing contracts delisted or declared dormant by the Board;
- O. adopt Regulations to implement any Rule or to conform with orders, recommendations or requests of any duly constituted governmental authority, or that in the opinion of the Board of Directors are necessary and appropriate;
- P. act in emergencies. (See [Rule 210.02.](#))

Any authority or discretion by these Rules vested in the Chairperson, President, Clearing House Manager or any committee shall not be construed to deprive the Board of such authority or discretion and, in the event of a conflict, the determination of the matter by the Board shall prevail.

#### **210.02. BOARD OF DIRECTORS: EMERGENCY POWERS.**

When in the opinion of the Board of Directors ("Board") an emergency exists, the Board shall have the power to:

- A. close the Exchange;
- B. suspend trading in any or all Futures or Options Contracts, including trading in settlement of any then existing Futures or Options Contracts;
- C. prohibit trading in any or all Futures or Options Contracts at prices above or below such limits as are specified by the Board;
- D. limit the total amount of open speculative Futures or Options trades that any Member, Firm, Corporation or any customer of any such Member, Firm or Corporation may have at any one time in any or all commodities, and to increase, decrease or cancel such limitations as the Board of Directors deems advisable. The Board of Directors may require such reports and may make such Regulations as it deems necessary to enforce such limitations.

PROVIDED, however, that the establishing of any such limit shall not be deemed to require that total amounts of such trades acquired before the effective date of such limitations be reduced to such limit.



If and when the Board of Directors has acted under the authority granted by this Rule, it may make such Regulations and Resolutions as the Board deems necessary and proper and for the best interests of all concerned. Notice of any action taken by the Board pursuant to the authority granted by this Rule shall be posted on the Official Bulletin Board and shall be given to Members in such other manner as the Board shall direct. Such action shall become effective when, and for such period of time, as determined by the Board, but not prior to the time of the posting of notice thereof on the Official Bulletin Board.

### **210.03. VACANCIES: OCCURRING DURING TERM OF OFFICE.**

- A. Officers: If a vacancy occurs in the office of Chairperson, other than by expiration of the term of office, the First Vice Chairperson, or if the First Vice Chairperson is unable to act, then the Second Vice Chairperson, shall assume all the duties and powers of the Chairperson until such time as the Board of Directors elects a successor to fill the vacancy pursuant to **Rule 200.00**.
- B. Member Directors:
  - 1. If a vacancy occurs on the Board of Directors, the Secretary shall promptly notify the Nominations Committee.
  - 2. In the event a vacancy occurs, the Nominations Committee shall direct the Secretary to solicit from the Membership individuals to serve on the Board of Directors. Such individuals must provide written confirmation to the Secretary of their intention to be nominated. See **Rule 372.00.N**. The Committee shall recommend to the Board of Directors one (1) but not more than two (2) Members to fill the vacancy. The Board of Directors, before voting to fill the vacancy, shall give due consideration to the recommendations of the Committee.

### **211.00. FIRST MEETING OF THE BOARD OF DIRECTORS.**

The first meeting of the newly elected Board of Directors after each Annual Election shall be the second Monday after such Annual Election, or as soon thereafter as is practicable at the discretion of the President.

### **211.01. REGULAR AND SPECIAL MEETINGS.**

Regular meetings of the Board of Directors shall be held on the second Thursday of January, March, May, July, September and November. Special meetings may be called by the Chairperson and shall be called by the Chairperson upon the written request of five (5) Directors.

Notice of special meetings of the Board of Directors may be given to any Director personally or by telephone or by delivery of such notice in writing to the Director's usual place of business. Any and all business may be transacted at regular or special meetings of the Board of Directors; PROVIDED, however, that the provisions of the Rules requiring special notice for meetings at which certain business is to be transacted must be complied with.

Any Director having three (3) consecutive absences during that Director's term of office from regular meetings or the first meeting of the newly elected Board of Directors may be removed effective immediately as a Director by majority vote of the Board of Directors. Upon removal, the Secretary shall immediately notify the Nominations Committee and the vacancy shall be filled pursuant to **Rule 210.03. VACANCIES: OCCURRING DURING THE TERM OF OFFICE.**

#### **211.02. QUORUM.**

Seven (7) members of the Board of Directors shall constitute a quorum for the transaction of business at any regular or special meeting of such Board, but a lesser number may meet and adjourn such meeting, from time to time, up to the time of the next regular meeting of the Board of Directors.

#### **211.03. PROCEDURE AT MEETINGS.**

The Board of Directors may, from time to time, adopt such regulations for its own government and the conduct of its meetings as are not contrary to the provisions of the Minnesota Non-Profit Corporation Act as amended, and the Articles of Incorporation and Rules of the Corporation. Except as otherwise specifically provided in said Act or in the Articles and Rules of this Corporation, meetings of the Board of Directors shall be conducted according to the established practices of Parliamentary Law and, in case of dispute, "Robert's Rules of Order" shall govern.

#### **215.00. CHAIRPERSON OF THE BOARD: GENERAL DUTIES.**

The Chairperson of the Board of Directors shall be the senior officer of the Board and perform the usual duties incident to the office. Unless otherwise specified by Rule, the Chairperson shall appoint all Committees (as soon as practicable after each Annual Election), any special Committees deemed necessary, and the Chairpersons thereof, subject to the approval of the Board. Unless otherwise specified by Rule, the Chairperson shall be an ex officio, nonvoting member of all Committees. The Chairperson shall preside at all meetings of Members and of the Board, shall see that all bonds of the employees of the Exchange required to give bond are properly executed and shall have the books of the Exchange audited at least once a year by a certified public accountant. The Chairperson shall be a Member of the Exchange and Board of Directors. In the event of a tie vote at a meeting of the Board of Directors, the Chairperson shall be entitled to vote. If the Chairperson abstains from voting in the case of a tie vote, the Board of Directors will not have an affirmative vote to take action.

#### **215.01. VICE CHAIRPERSONS.**

The Vice Chairpersons shall be considered, respectively, the First and Second Vice Chairpersons and shall, in such order, perform the duties of the Chairperson in the Chairperson's absence or disability. The Vice Chairpersons shall be Members of the Exchange and Board of Directors.

#### **215.02. ACTING CHAIRPERSONS.**

The Board of Directors may appoint an acting Chairperson to perform the duties of the Chairperson during the absence or disability of the Chairperson and both Vice Chairpersons. The acting Chairperson shall be a Member of the Exchange and Board of Directors.

**216.00. APPOINTMENT OF OFFICERS AND EMPLOYEES.**

Following each Annual Election, the Board of Directors shall elect or appoint a President, a Secretary, an Assistant Secretary, and a Treasurer, and such other officers or employees as in its judgment may be necessary. The offices of Secretary and Treasurer, or Assistant Secretary and Treasurer, may be held by the same person. The Board of Directors may assign any title to any of such other officers or employees as it deems advisable. The Board of Directors may prescribe the duties and fix the compensation of all such officers and employees, and all such officers and employees shall hold office or be employed during the will of the Board of Directors. Officers and employees shall not be Record Holders of the Corporation. The Board of Directors may require a good and sufficient bond from any of such officers or employees for the faithful performance of their duties and trusts. Notice of appointments of officers or revocations of the same shall be given to Members.

**216.01. EMPLOYMENT OF COUNSEL, AUDITORS, ETC.**

The Board of Directors may from time to time employ legal counsel, accountants, auditors or such other special services or help as it may deem necessary.

**217.00. PRESIDENT.**

The Board may elect a President of the Exchange, who shall not be a Record Holder. The President shall be the Chief Executive Officer of the Corporation responsible to the Board for the management and administration of its business affairs. The President shall execute all contracts as authorized by the Board. All employees of the Exchange shall be under the President's supervision who shall establish the qualifications, duties and responsibilities of all subordinate administrative personnel. Unless otherwise specified by Rule, the President shall be an ex officio, nonvoting member of all regular and special Committees and a nonvoting member of the Board of Directors. By acceptance of the office of President, the President shall be deemed to have agreed to uphold the Charter, Rules and Regulations of the Corporation. The Board may confer upon the President other responsibilities as warranted. However, the Board shall not confer upon the President the power to formulate the policies of the Corporation or take disciplinary action, arbitrate disputes or adjust claims against Members.

**218.00. SECRETARY.**

The Secretary shall perform the duties usually incident to the office and such other and special duties as are prescribed by the Board of Directors, President or by the Rules.

**218.01. ASSISTANT SECRETARY.**

The Assistant Secretary shall perform such duties as are prescribed by the Secretary, by the Board of Directors or by the President, and shall act as Secretary in the absence or disability of the Secretary.

**218.02. PAPERS: SERVICE OF.**

Notices, citations and papers of all kinds, requiring service in connection with any of the Rules or Regulations, shall be served by the Secretary or by such other employee of this Corporation as the Secretary may designate. The affidavit of the person who made the service shall be evidence of the service of such notices of papers.

Whenever, under these Rules, service is required or permitted to be made upon a Member, such service shall be made by delivering a copy or by mailing it to the Member's last known address, postage prepaid. Delivery of a copy within this Rule means: handing it to the Member; leaving it at the Member's office with a clerk or other person in charge thereof; if there is no one in charge, leaving it in a conspicuous place therein; or, if the office is closed or the Member to be served has no office, leaving it at the Member's dwelling or usual place of abode with some person of suitable age and discretion then residing therein. Service by mail is complete upon mailing. Service required or permitted to be made, under these Rules, upon a Registered Firm or Corporation shall be made by making such service in the manner as hereinbefore provided on a managing agent of such Firm or Corporation.

### **218.03. OATHS: ADMINISTRATION OF.**

There shall be continuously in the employ of the Corporation one or more persons who are authorized under the laws of the State of Minnesota to administer oaths.

### **219.00. TREASURER.**

The Treasurer shall perform such duties as prescribed by the Board of Directors, President or by the Rules.

### **220.00. ANNUAL FINANCIAL STATEMENT.**

The Board of Directors, as soon as possible after the close of the fiscal year of the Corporation, shall cause to be prepared a full and complete statement of the financial condition of the Corporation and of its operations for the previous fiscal year; and the Board of Directors shall cause a copy of said statement to be sent to each Member of the Corporation.

### **221.00. REGULAR ASSESSMENTS.**

The Board of Directors, at any regular or special meeting may levy an assessment or assessments on each and every membership in the Corporation for the purpose of regular operating expenses of the Corporation for and during the current fiscal year. The Board of Directors shall fix the dates upon which any such assessment or assessments, in whole or in part thereof, shall become due and payable.

### **221.01. SPECIAL ASSESSMENTS.**

The Board of Directors may levy special assessments upon each and every membership in the Corporation for the purposes of the Corporation and may fix the dates upon which such assessments, in whole or in parts thereof, shall become due and payable; PROVIDED, however, that such assessments must be submitted to the Ownership by ballot and approved by an affirmative vote of at least a majority of the Owners of the Corporation who have voted upon such assessments;

PROVIDED that at least one hundred (100) Owners were present at the meeting in person or represented by proxy.

**221.02. NOTICE OF ASSESSMENTS.**

Notice of each regular and special assessment that has been levied against the memberships in the Corporation and the due dates of payment thereof shall be posted upon the Official Bulletin Board and given to Members within two (2) weeks after such assessment has been made.

**221.03. FINANCING.**

The Board of Directors shall have the authority to establish, by Regulation, fees and charges necessary to meet the financial obligations of the Corporation. Fees and charges shall be remitted at such times and in such manner as the Board of Directors may prescribe. This Rule shall not supersede in any way **Rules 221.00.** and **221.01.** of the Corporation.

**222.00. FUNDS AND SECURITIES OF THE CORPORATION.**

The funds of the Corporation shall be deposited in the name of the Corporation in a bank or banks, as designated from time to time by the Board of Directors.

Securities and other valuable papers belonging to the Corporation shall be kept in a safe deposit box designated by the Board of Directors. Access to such box shall be had only in the manner authorized by the Board.

**222.01. EXPENDITURE OF THE FUNDS OF THE CORPORATION.**

The funds of the Corporation shall be under the management and control of the Board of Directors, and no funds belonging to the Corporation shall be expended unless such expenditure has been authorized or approved by the Board of Directors.

**222.02. INVESTMENT OF FUNDS.**

The Board of Directors may invest funds belonging to the Corporation in accordance with the most recent investment policy as recommended by the Finance Committee and approved by the Board of Directors.

**223.00. BORROWING OF MONEY.**

The Board of Directors, on the affirmative vote of at least one half (1/2) of the total number of Directors of the Corporation, permitted under **Rule 210.00.**, may borrow money for and on behalf of the Corporation, for any period of time and on such terms and with such security or mortgage, all as the Board may determine for any event that represents an emergency business purpose, including an actual or potential default to the Clearing House in such amount as may be necessary.

Additionally, the Board may borrow up to and including the amount of three million dollars (\$3,000,000) for ordinary purposes when the Board is of the opinion that such borrowings are necessary in connection with the uses and purposes of the Corporation; and PROVIDED that notwithstanding the foregoing provisions of this **Rule 223.00.**, the Board of Directors in its discretion, may borrow money for and on behalf of the Corporation for any period of time and for any amount in excess of three million dollars (\$3,000,000) for ordinary purposes on such terms and with such security or mortgage as the Board may deem appropriate, PROVIDED FURTHER that such borrowing in excess of three million dollars (\$3,000,000) for ordinary purposes is authorized by an affirmative vote of at least one half (1/2) of the total number of Directors permitted under **Rule**

**210.00.** and such authorization is submitted to the Owners and is ratified by an affirmative vote of a simple majority of votes cast by at least one hundred (100) Owners in good standing at the time of such vote.

**224.00. EXECUTION OF CONTRACTS, SIGNATURES ON PAPERS, CHECKS, ETC.**

Except as otherwise specifically provided in this Rule, all deeds, mortgages, satisfactions of mortgages, contracts for the conveyance of land, leases, bills payable, promissory notes and other written promises to pay money, corporate contracts of all kinds, checks and drafts drawn on bank accounts standing in the name of the Corporation shall be executed or signed in the name of the Corporation by the President and such other officer, director or employee as the Board of Directors shall from time to time designate.

PROVIDED, however, that a check or checks, signed as provided above, to cover the total payroll of the Corporation for any specified period of time may be deposited to the credit of the Corporation in a special bank account, which shall be designated as a Payroll Account; checks or drafts drawn on such Payroll Account to cover salaries or wages due to individual officers or employees of the Corporation may be signed in such manner as the Board of Directors may from time to time direct; and

PROVIDED FURTHER, that contracts for the purchase of supplies and equipment necessary and incident to the usual and ordinary operations of the buildings or business of the Corporation may be executed in the name of the Corporation in such manner as the Board of Directors may from time to time direct.

Except as otherwise provided by the Rules, all other papers and documents of all kinds, including certificates, cards, licenses, etc., shall be executed or signed in the name of the Corporation in such manner as the Board of Directors shall from time to time direct.

**231.00. DELIVERY OF DOCUMENTS, PAYMENT, ETC.**

The Board of Directors shall have the power from time to time to make Regulations (including fixing time of day) governing the rendering and delivery of all orders, notices, and documents of all sorts having to do with or incident to handling or passing title to commodities, and for the payment for commodities, including (but not being limited to) Delivery Notices, deliveries on Futures Contracts and payment therefor, exercise of Options, Load-out Notices, Notices of Reinspection and Appeal, Disposition Orders, Invoices and payment therefor, requests for advances and payment therefor, Bills of Lading, payment for F.O.B. cars, payment of elevator charges, and the giving of disposition on cars purchases or loaded in satisfaction of warehouse receipts.

**235.00. ADMISSION TO EXCHANGE ROOM.**

Except as permitted by the Board of Directors, no one except Members in good standing (or holders of Substitute Tickets) may be admitted to the Exchange Room during the hours of trading.

The Board of Directors may grant admission to the Exchange Room during the hours of trading to Messengers, Floor Clerks, visitors and other persons, subject to such restrictions, regulations and limitations as the Board of Directors may deem proper.

PROVIDED, however, that no Member who is under suspension may be granted admission to the Exchange Room as a visitor, or otherwise, and no Messenger, Floor Clerk or visitor may make any

trades or transact any business in the Exchange Room excepting such transactions as may pertain directly to the business on account of which admission to the Exchange Room was granted; and,

PROVIDED FURTHER, that no person in default, on account of any business transacted with or through a Member or Members of the Grain Exchange, shall be entitled to admission to the Exchange Room as a visitor while such transaction remains unsettled, and the President is hereby empowered to enforce this Rule upon the complaint, in writing, of any Member of the Corporation.

#### **236.00. CONTROL OF THE USE OF THE BUILDINGS.**

The Board of Directors shall have power to prescribe the purposes for which all offices, halls, rooms, corridors, entrances and other parts of the buildings belonging to or leased by the Corporation shall be used, and to make all necessary Regulations governing the use of and admittance to the same, and shall have full power to enforce such Regulations and to inflict penalties for the violation thereof. The Board of Directors shall have the power on behalf of the Corporation to let space in the buildings belonging to or leased by the Corporation to such tenants, for such purposes, at such rentals, and on such terms and conditions as it deems desirable.

#### **237.00. MANAGEMENT OF REAL ESTATE.**

The Board of Directors shall have the power from time to time to purchase real estate or make such changes, alterations or repairs to the buildings belonging to the Corporation or such changes, alterations, repairs, replacements or additions to the fixtures, equipment and machinery therein as they may deem necessary, including such enlargements or additions to the present buildings as they may deem necessary in connection with maintaining or placing said buildings, equipment or machinery in proper and suitable condition for the uses and purposes of the Corporation and its Members and tenants; PROVIDED, however, that any borrowing of money to finance such purchases, changes, alterations, repairs, replacement or additions is subject to the provisions of [Rule 223.00](#).

#### **240.00. FISCAL YEAR.**

The fiscal year of the Corporation shall begin on September 1 of each year and end on August 31 of the succeeding calendar year.

#### **242.00. HOUSEKEEPING.**

The Board of Directors shall have the authority to make changes in any Rule without formal approval of the Ownership when such changes do not alter the intent of the Rule or when Rule modification is dictated by change in business organizational structure or name. "Changes" are limited to the modification or elimination of letters, numbers, words, phrases or sentences necessary to maintain an accurate and current Rulebook or are necessary to comply with any change in law, statute or governing legal authority.

#### **243.00. INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS.**

The Corporation shall indemnify its directors, officers, committee members and employees against such expenses and liabilities, in such manner, under such circumstances, and to such extent, as required or permitted by Minnesota Statutes, § 317A.521, Subd. 2, as amended from time to time, or as required by other provisions of law.

The Corporation shall advance expenses in such manner, under such circumstances, and to such extent, as required or permitted by Minnesota Statutes, § 317A.521, Subd. 3, as amended from time to time. The provisions of this Section are not intended to limit the ability of any person to receive advances as an insured under any insurance policy maintained by the Corporation.

The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, committee member or employee against any liability asserted against and incurred by such person in or arising from such capacity, whether or not the Corporation would otherwise be required to indemnify the person against the liability.

The Corporation shall also abide by all other controlling provisions of Minnesota Statutes, § 317A.521, as amended from time to time.

#### **244.00. MEMBERSHIP IN OTHER ASSOCIATIONS: DELEGATES TO MEETINGS.**

At the discretion of the Board of Directors, the Corporation may become a member of other associations or organizations, membership in which in the opinion of said Board will be beneficial to this Corporation. The Board of Directors may appoint delegates or representatives to commercial or deliberative meetings at which it may desire to have the Corporation represented. The Board may, at its discretion, authorize the payment (from the general funds of the Corporation) of the dues payable to such associations and of the expenses incurred by such delegates or representatives in attending such meetings.

#### **250.00. COMMITTEES: REGULATIONS GOVERNING PROCEDURE.**

Any Committee may adopt such regulations for its own government and proceedings as are not contrary to the Rules and Regulations of the Corporation, and which will best promote the objects for which it was established.

#### **251.00. COMMITTEES OF THE BOARD OF DIRECTORS.**

Committees of the Board of Directors shall be established by Rule. Unless otherwise specified by Rule, such Committees shall consist of an odd number of Directors, not including the Chairperson of the Board. A majority of the Directors of a Committee shall constitute a quorum and a majority of the quorum shall be required to take action. A three-fourths (3/4) supermajority of a quorum of the Board shall be required to remove a Director who was appointed to a Committee. A majority of a quorum of the Board shall be required to revoke actions taken by a Committee. In addition to the enumerated duties and powers, each Committee shall exercise such authority and execute such actions as may be delegated to it by the Board of Directors, or by Rule or Regulation.

#### **252.00. EXECUTIVE COMMITTEE.**

There shall be established a Committee of the Board of Directors to be known as the Executive Committee which shall meet monthly, or more often as deemed necessary. It shall be composed of five (5) directors including the Chairperson of the Board, the First and Second Vice Chairpersons of the Board and no less than one (1) Public Director elected by the Board. The Chairperson of the Board shall be the Chairperson of the Executive Committee and shall have voting privileges. The Committee shall have the duties and powers to:

- A. Investigate issues and pursue opportunities related to the business of the Corporation, and recommend actions to the Board.



- B. Recommend changes to any guidelines, policies or procedures of the Corporation, including those which may govern employee conduct, donations and participation in trade or industry associations.
- C. Reallocate funds within the approved budgets as priorities change. However, reallocation of more than ten (10) percent of the annual budget shall require approval from the Finance Committee.
- D. Act on behalf of the Board of Directors when an emergency exists and the Board is unable to convene in a timely manner. Emergencies shall include, but not be limited to: discovery of possible illegal activities, security of the building, threats to the financial integrity of the Corporation, or threats to Exchange trading activity due to inclement weather, transportation breakdown or market manipulation. In such instances the Committee may take such actions as necessary including: not opening the markets, delaying the open of the markets, closing the markets early, or order liquidation of a party's positions. Such actions shall not continue beyond such time as the emergency warrants and shall not violate applicable laws and regulations.
- E. Offer guidance and provide consultation to the officers of the Corporation.
- F. Announce, extend or delay the opening of river or lake navigation.
- G. Prescribe and approve the forms required by Exchange Rules and Regulations.
- H. Approve an applicant or Delegate for membership, provided there are no objections or any unresolved issues to be heard by the Board.
- I. Approve changes in Exchange margins as market conditions require, giving due consideration to Clearing House Committee recommendations.
- J. Report and make recommendations to the Board of Directors.

#### **253.00. FINANCE COMMITTEE.**

There shall be established a Committee of the Board of Directors to be known as the Finance Committee. It shall be composed of seven (7) Directors.

The Committee shall have the duties and powers to:

- A. Oversee the financial affairs and financial condition of the Corporation.
- B. Evaluate and recommend capital investments regarding the physical assets of the Corporation.
- C. Establish guidelines for determining the minimum filing and financial requirements of firms and corporations which wish to register with the Corporation, as well as those elevators, merchandisers and warehouses that

wish to become “Regular,” and determine whether such entities are in continuous compliance with such requirements.

- D. Review the budget recommendations from other Committees on an annual basis.
- E. Grant Regularity status to an applicant, provided there are no unresolved issues to be heard by the Board of Directors.
- F. Approve an applicant for registration, provided there are no objections or any unresolved issues to be heard by the Board of Directors.
- G. Report and make recommendations to the Board of Directors.

#### **254.00. MEMBERSHIP COMMITTEE.**

There shall be established a Committee of the Board of Directors to be known as the Membership Committee. It shall be composed of five (5) Directors.

The Committee shall have the duties and powers to:

- A. Call an applicant to appear before the Committee to determine whether or not such applicant is reputable.
- B. Review and recommend to the Board of Directors Rules and Regulations governing the application process and the qualifications for membership.

The Chairperson shall examine Applications for Membership and make recommendations to the Board of Directors or Executive Committee on applicants for membership.

#### **255.00. EXCHANGE ROOM COMMITTEE.**

There shall be established a Committee of the Board of Directors to be known as the Exchange Room Committee. It shall be composed of five (5) Directors.

The Committee shall have the duties and powers to:

- A. Recommend to the Board of Directors changes in the physical appearance and use of the Exchange Room.
- B. Establish security measures and procedures for admittance of Members and nonmembers to the Exchange Room.
- C. Establish the decorum and dress policy, and the food and beverage policy.
- D. Work with Exchange Staff to ascertain the equipment needs of the Exchange Room.
- E. Report and make recommendations to the Finance Committee or Board of Directors.

In no event shall this Committee become a hearing Committee for any Rule or Regulation infraction sustained in the Exchange Room. Any violation that is subject to a hearing will be referred to the appropriate Committee.

#### **256.00. PERSONNEL AND COMPENSATION COMMITTEE.**

There shall be established a Committee of the Board of Directors to be known as the Personnel and Compensation Committee. It shall be composed of five (5) Directors.

The Committee shall have the duties and powers to:

- A. Fix the compensation and benefits of the President.
- B. Periodically review the employee handbook and recommend changes to the Board of Directors.

#### **260.00. COMMITTEES OF THE CORPORATION.**

Committees of the Corporation shall be established by Rule. Such Committees shall consist of an odd number of individuals and be chaired by a Member-Director of the Board of Directors. Unless otherwise specified by Rule, a majority of the members of a Committee shall constitute a quorum and a majority of the quorum shall be required to take action. In addition to the duties and powers specified by Rule, Committees of the Corporation shall also have such duties and powers as may be delegated by the Board of Directors.

#### **261.00. NOMINATIONS COMMITTEE.**

There shall be established a Committee of the Corporation to be known as the Nominations Committee. It shall be composed of five (5) Members of the Corporation, three (3) of whom, if available, shall be the most recent former Chairpersons of the Board of Directors.

The Committee shall have the duties and powers to:

- A. Determine the vacancies in offices that are to be filled at the Annual Election and recommend the names of candidates to fill the same.
- B. Recommend to the Board of Directors the names of persons to fill vacancies occurring during the term of office.
- C. Review and recommend Rules and Regulations governing the nominating process.

#### **262.00. CLEARING HOUSE COMMITTEE.**

There shall be established a Committee of the Corporation to be known as the Clearing House Committee. It shall be composed of a minimum of five (5) Members of the Corporation.

The Committee shall have the duties and powers to:

- A. Review and recommend Rules and Regulations governing the Clearing House and clearing operations.

- B. Adopt Resolutions establishing clearing margins, method of clearing, reporting deadlines, and amount of fines, fees and security deposits.

#### **263.00. QUOTATIONS COMMITTEE.**

There shall be established a Committee of the Corporation to be known as the Quotations Committee. It shall be composed of a minimum of eleven (11) Members of the Corporation. Each contract shall be represented on the Committee.

The Committee shall have the duties and powers to:

- A. Establish nonpermanent subcommittees, or otherwise organize itself as necessary, in order to address the reporting needs of each contract or trading pit. Such subcommittees shall be composed of members of the Quotations Committee.
- B. Review and recommend Regulations governing procedures for execution and reporting of trades, quotation changes, settlements and fast markets.
- C. Assemble, without formal notice, to approve or declare a fast market or quotation change. Such authority may be delegated to one (1) or more subcommittees.
- D. Assemble, without formal notice, when a technical problem exists which may cause or is causing interruption of trading and choose from pre-approved Board of Directors procedures.

#### **264.00. BUSINESS CONDUCT COMMITTEE: APPOINTMENT.**

There shall be established a Committee to be known as the Business Conduct Committee, which shall be composed of seven (7) members with voting privileges as hereinafter provided:

- A. Four (4) of such members shall be appointed from Members of the Corporation who are not serving as Officers or Directors or as members of the Arbitration Pool, or the Futures Trading Conduct Committee.
- B. Three (3) members of the Committee shall be ex officio, one (1) of whom shall be the Chairperson of the Board of Directors, another the Chairperson of the Clearing House Committee, and the third, the President of the Corporation.

The Chairperson of the Board of Directors may appoint a member of the Board of Directors to serve in his/her stead as a member of the Business Conduct Committee. If no member of the Board of Directors is available for such an appointment, the Chairperson may appoint a Member of the Corporation. The Chairperson of the Clearing House Committee may appoint a member of the Clearing House Committee to serve in his/her stead as a member of the Business Conduct Committee. If no member of the Clearing House Committee is available for such appointment, the Chairperson of the Board of Directors shall appoint a Member of the Corporation who is a Clearing Member to fill such vacancy. The President

may appoint another person who is not a Member of the Corporation to serve in his/her stead as a member of the Business Conduct Committee.

No member of the Board of Directors or Member of the Corporation who is to serve as a substitute member in the place of the Chairperson of the Board of Directors shall be appointed as a member of the Business Conduct Committee if the member of the Board is a member of the Arbitration Pool or the Futures Trading Conduct Committee.

The members of the Business Conduct Committee shall be as representative as practicable of the Membership. Five (5) members of the Committee shall be required to constitute a quorum.

Whenever the subject of a proceeding is a member of the Board of Directors, the Business Conduct Committee or the Futures Trading Conduct Committee; or whenever the allegations involve manipulation of the price of a commodity or a futures contract; or whenever the allegations involve conduct which results in financial harm to a nonmember, the Committee which hears the case shall have at least one (1) member who is not a Member of the Corporation.

#### **264.01. BUSINESS CONDUCT COMMITTEE: QUALIFICATIONS OF MEMBERS.**

No person shall serve as a member of the Business Conduct Committee when the person or firm with which the person is affiliated has a financial, personal or prejudicial interest or concern in the matter under consideration or action. For the purpose of this Rule, at a minimum, a financial, personal or prejudicial interest shall be defined and determined pursuant to **Rule 275.00.B**. The other members of the Committee with guidance by the Department of Audits and Investigations shall determine whether any member has a financial, personal or prejudicial interest not addressed by **Rule 275.00.B**.

#### **264.02. BUSINESS CONDUCT COMMITTEE: APPOINTMENT OF ALTERNATES.**

If the Business Conduct Committee shall determine that it is improper for any or all of its members to serve during the consideration of and action upon any particular matter, or if any or all of the regular members shall be unable to serve during such consideration and action, the Business Conduct Committee may request the President to appoint, and the President shall appoint, an alternate or alternates (from the Members of the Corporation who are not members of the Board of Directors, the Board of Arbitration, or the Futures Trading Conduct Committee) to sit throughout the consideration of and action upon such matter. When so appointed, any alternate shall, with respect to the consideration of and action upon such particular matter, have all the powers and duties of the regular member for whom the alternate is acting; and such Committee, so constituted and consisting of such alternate or alternates and the remaining regular members of the Business Conduct Committee, if any, shall with respect to the consideration of and action upon such particular matter have all the duties and powers of the regular Business Conduct Committee. During the period that such a Business Conduct Committee appointed with respect to a particular matter is functioning, the regular Business Conduct Committee and the regular members thereof shall continue to have all their usual powers and to perform all their usual duties concerning matters other than that before a Business Conduct Committee appointed with respect to a particular matter.

**264.03. BUSINESS CONDUCT COMMITTEE: DUTIES AND POWERS.**

The Business Conduct Committee shall be charged with the duty and authority:

- A. To prevent manipulation of prices as provided in Section 5d. of the Commodity Exchange Act.
- B. To review all investigation reports submitted to the Committee by the Department of Audits and Investigations in respect to alleged violation of the Charter, Rules, Regulations, customs and usages of the Corporation, except such reports as are required by **Rule 265.03.** of this Chapter to be reviewed by the Futures Trading Conduct Committee.
- C. To direct the Department of Audits and Investigations to conduct such further investigation in respect to any such report as the Committee deems appropriate or advisable.
- D. To dismiss any or all charges included in any investigation report submitted to the Committee that are, in its opinion, without reasonable foundation in fact, or, in the alternative, to conduct a hearing on such matters as are appropriate to be heard by the Business Conduct Committee. In such instances the Business Conduct Committee will function as a Hearing Committee.
- E. To report in writing to the Board of Directors in respect to all matters which result in public disciplinary action.

The Business Conduct Committee, in performing its duties, may review the dealings and transactions of Members or Registered Firms or Corporations, and it may examine their books, papers and records pertinent to such review, pursuant to **Rule 333.00.** The Committee may employ such auditors, counsel or other assistants as it may deem necessary, and all expenses incident thereto shall be payable from the funds of the Corporation.

The Business Conduct Committee may invite a representative of the Commodity Futures Trading Commission to attend any or all of its meetings.

In addition to possible violations of Exchange Rules and Regulations appropriately brought before the Business Conduct Committee pursuant to Paragraph B, above, the Committee also shall review any investigation report concerning a particular course of conduct by a Member, or a Registered Firm or Corporation which has produced or thereafter, in the opinion of the Committee, would produce a manipulation of prices or cornering of any commodity in violation of the Rules of this Corporation. Given an affirmative finding on such investigation report the Committee shall notify such Member or Registered Firm or Corporation in writing of its conclusions, and it shall direct such Member or Registered Firm or Corporation to cease and desist from such conduct. Such notice shall state:

- A. The nature of the action directed to be discontinued.
- B. The Committee's reasons for directing that such conduct be discontinued.
- C. The effective time and date and the duration of the directive.

The findings and conclusions of the Committee, in respect to such matters, shall be final unless the affected Member or Registered Firm or Corporation shall demand, within five (5) business days after the receipts of such directive, a hearing before the Board of Directors. If such hearing is demanded, the Committee shall immediately so notify the Board of Directors.

No Member or Registered Firm or Corporation shall violate any order of the Business Conduct Committee after having been duly notified thereof. Nothing, however, herein contained shall in any way be construed as superseding the duties and authority that have been vested in the Futures Trading Conduct Committee or the Board of Directors by the Rules and Regulations of this Corporation. All directives of the Committee pertaining to price manipulations or corners and requiring a market position reduction shall be effective when issued. The effectiveness thereof shall not be stayed pending appeal.

No member of the Business Conduct Committee shall publish, divulge or make known in any manner, except when reporting to the Board of Directors or to a Committee concerned with such information, or when called upon to testify in any judicial or administrative proceeding, any facts regarding the business of any person, firm or corporation, or any other confidential information that may come to the knowledge of such Committee member in the member's official capacity.

#### **265.00. FUTURES TRADING CONDUCT COMMITTEE: APPOINTMENT.**

There shall be established a Committee to be known as the Futures Trading Conduct Committee, which shall be composed of seven (7) members with voting privileges as hereinafter provided:

- A. Five (5) of such members, including the Chairperson of the Committee, shall be appointed by the Chairperson of the Board of Directors from Members of the Corporation whose principal business activity is related to futures and options trading.
- B. Two (2) members of the Committee shall be ex officio, one (1) of whom shall be the Chairperson of the Board of Directors and the other, the President of the Corporation.

The Chairperson of the Board of Directors may appoint a member of the Board of Directors to serve in his/her stead as a member of the Futures Trading Conduct Committee. If no member of the Board of Directors is available for such an appointment, the Chairperson may appoint a Member of the Corporation. The President may appoint another person who is not a Member of the Corporation to serve in his/her stead as a member of the Futures Trading Conduct Committee.

No member of the Board of Directors or Member of the Corporation who is to serve as a substitute member in the place of the Chairperson of the Board of Directors shall be appointed as a member of the Futures Trading Conduct Committee if the member of the Board is a member of the Arbitration Pool or the Business Conduct Committee.

The members of the Futures Trading Conduct Committee shall be as representative as practicable of the Membership. Five (5) members of the Committee shall be required to constitute a quorum.

Whenever the subject of a proceeding is a member of the Board of Directors, the Business Conduct Committee or the Futures Trading Conduct Committee; or whenever the allegations involve manipulation of the price of a commodity or a futures contract; or whenever the allegations involve conduct which results in financial harm to a nonmember, the Committee which hears the case shall have at least one (1) member who is not a Member of the Corporation.

#### **265.01. FUTURES TRADING CONDUCT COMMITTEE: QUALIFICATIONS OF MEMBERS.**

No person shall serve as a member of the Futures Trading Conduct Committee when the person or firm with which the person is affiliated has a financial, personal or prejudicial interest or concern in the matter under consideration or action. For the purpose of this Rule, at a minimum, a financial, personal or prejudicial interest shall be defined and determined pursuant to [Rule 275.00.B](#). The other members of the Committee with guidance by the Department of Audits and Investigations shall determine whether any member has a financial, personal or prejudicial interest not addressed by [Rule 275.00.B](#).

#### **265.02. FUTURES TRADING CONDUCT COMMITTEE: APPOINTMENT OF ALTERNATES.**

If the Futures Trading Conduct Committee shall determine that it is improper for any or all of its members to serve during the consideration of and action upon any particular matter, or if any or all of the regular members shall be unable to serve during such consideration and action, the Futures Trading Conduct Committee may request the President to appoint, and the President shall appoint, an alternate or alternates (from the Members of the Corporation who are not members of the Board of Directors, the Board of Arbitration or the Business Conduct Committee) to sit throughout the consideration of and action upon such matter. When so appointed, any alternate shall, with respect to the consideration of and action upon such particular matter, have all the powers and duties of the regular member for whom the alternate is acting; and such Committee, so constituted and consisting of such alternate or alternates and the remaining regular members of the Futures Trading Conduct Committee, if any, shall with respect to the consideration of and action upon such particular matter have all the duties and powers of the regular Futures Trading Conduct Committee. During the period that such Futures Trading Conduct Committee appointed with respect to a particular matter is functioning, the regular Futures Trading Conduct Committee and the regular members thereof shall continue to have all their usual powers and to perform all their usual duties concerning matters other than that before a Futures Trading Conduct Committee appointed with respect to a particular matter.

#### **265.03. FUTURES TRADING CONDUCT COMMITTEE: DUTIES AND POWERS.**

The Futures Trading Conduct Committee shall be charged with the following duty and authority:

- A. To maintain the highest standards of futures trading conduct by observing and guiding futures and options trading methods in this market, both as regards Exchange Rules and Federal Law.
- B. To review all investigation reports submitted by the Department of Audits and Investigations in respect to all matters relating to futures and options trading conducted under the jurisdiction of the Corporation except such reports as are required by [Rule 264.03](#) of this Chapter to be reviewed by the Business Conduct Committee.



- C. To direct the Department of Audits and Investigations to conduct such further investigation in respect to any such report as the Committee deems appropriate or advisable on a timely basis.
- D. To dismiss any or all charges included in any investigation report submitted to the Committee that are, in its opinion, without reasonable foundation in fact, or, in the alternative, to conduct a hearing on such matters as are appropriate to be heard by the Futures Trading Conduct Committee. In such instances the Futures Trading Conduct Committee will become a Hearing Committee.
- E. In hearings conducted by the Futures Trading Conduct Committee, on a finding by the Committee that there has been a violation, to assess a penalty against those found guilty. The Committee may issue a Letter of Reprimand, a suspension from Membership, a monetary fine, or a recommendation to the Board of Directors for expulsion (singly or in any combination). Any suspension of thirty (30) days or more, or any fine of ten thousand dollars (\$10,000) or more shall be subject to ratification by the Board of Directors. The Board of Directors may, at its discretion, entertain an appeal based on the record of the hearing.
- F. To report in writing to the Board of Directors in respect to all matters which result in public disciplinary action.
- G. To summon any Member to appear before the Committee in its investigation of matters pertaining to futures and options trading.
- H. To demand that futures and options trading cards and other pertinent records be presented in evidence to the Committee at any duly authorized investigation.

No member of the Futures Trading Conduct Committee shall publish, divulge or make known in any manner, except when reporting to the Board of Directors or to a Committee concerned with such information, or when called upon to testify in any judicial or administrative proceeding, any facts regarding the business of any person, firm or corporation, or any other confidential information that may come to the knowledge of such Committee member in the member's official capacity.

#### **266.00. EXCHANGE ROOM ENFORCEMENT COMMITTEE.**

There shall be established a Committee of the Corporation to be known as the Exchange Room Enforcement Committee. It shall be composed of Exchange staff and/or employees of an independent security agency appointed by the President of the Corporation. The Secretary of the Corporation shall be a non-enforcement member of the Committee to oversee and review the enforcement of the Rules and Regulations.

This Committee will be charged with enforcing all Rules and Regulations regarding decorum, dress, food, beverages, smoking, badges, booths, disorderly conduct, vulgar or abusive language and any other conduct or activity determined by the Board of Directors to be detrimental to a professional business environment. Members of this Committee will issue and sign violation tickets on a form prescribed by the Board of Directors for infractions/violations of the Rules and Regulations.

The Secretary of the Corporation shall forward all violation tickets to the Department of Audits and Investigations for further review and possible action in accordance with **Regulation 2004.01**.

#### **267.00. CONTRACTS COMMITTEE.**

There shall be established a Committee of the Corporation to be known as the Contracts Committee. It shall be composed of a minimum of seven (7) Members of the Corporation. The Committee shall have the duties and powers to:

- A. Review and recommend Rules and Regulations governing contract markets, including, but not limited to: contract specifications and delivery procedures.
- B. Monitor and review the implementation of new Futures and Options contracts.
- C. Establish nonpermanent subcommittees of the Contracts Committee. Such subcommittees shall be composed of not less than five (5) persons who shall be members of the Contracts Committee, Members of the Corporation and/or knowledgeable members of the public. The Chairperson of the Committee shall appoint the members of the subcommittees. The Chairperson of the Board of Directors may also appoint members. Such subcommittees shall have such duties and powers as may be delegated by the Contracts Committee and shall report to the Contracts Committee.

#### **268.00. CASH MARKETS COMMITTEE.**

There shall be established a Committee of the Corporation to be known as the Cash Markets Committee. It shall be composed of a minimum of seven (7) Members of the Corporation.

The Committee shall have the duties and powers to:

- A. Review and recommend Rules and Regulations governing the cash markets.
- B. Monitor cash market activity to ensure orderly trading and efficient price discovery.
- C. Approve guidelines for reporting of cash market activity to appropriate agencies.

#### **270.00. OTHER COMMITTEES, TASK FORCES AND PANELS.**

The Board of Directors and the Executive Committee shall each have the authority to establish committees, task forces and panels as necessary for a duration not to extend past the next Annual Election. After election, the new Board of Directors and Executive Committee may re-authorize the committees, task forces and panels.

The composition, qualifications, method of appointment, duties and powers of such committees, task forces and panels shall be determined by the respective Board of Directors and Executive Committee.

Such committees, task forces and panels shall not determine the policies of the Corporation, expend funds or enter into contracts on behalf of the Corporation, or otherwise conduct activities

outside the purpose for which they were established, unless such actions are approved by the Board of Directors.

## **275.00. CONFLICTS OF INTEREST.**

A member of the Board of Directors and certain other Committees at the Exchange must abstain from deliberating and voting on matters when there is a potential personal or financial conflict of interest. This Rule describes how and when the conflict of interest will be determined. Additional and broader conflicts of interest provisions apply to the Business Conduct Committee and the Futures Trading Conduct Committee. (See [Rules 264.01](#) and [265.01](#).)

A. Definitions. For purposes of this Rule the following definitions shall apply:

1. The term “family relationship” of a person shall mean the person’s spouse, former spouse, parent, stepparent, child, stepchild, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece, or in-law.
2. The term “governing board” shall mean the Board of Directors, Committees of the Board of Directors and Committees of the Corporation authorized to take action or to recommend the taking of action on behalf of the Exchange.
3. The term “member’s affiliated firm” shall mean a firm in which the member is an employee or a “principal,” as defined in CFTC Regulation 3.1(a).
4. The term “named party in interest” shall mean a person or entity that is identified by name as a primary subject of any material matter being considered by a governing board.
5. The term “significant action” shall mean any of the following types of actions or rule changes that are implemented without the Commission’s prior approval:
  - a. Any actions or rule changes which address an “emergency” as defined in CFTC Regulation 1.41(a)(4)(i) through (iv) and (vi) through (viii); and,
  - b. Any changes in margin levels that are designed to respond to extraordinary market conditions such as an actual or attempted corner, squeeze, congestion or undue concentration of positions, or that otherwise are likely to have a substantial effect on prices in any contract traded at the Exchange; but shall not include any rule not submitted for prior CFTC approval because such rule is unrelated to the terms and conditions of any contract traded at the Exchange.

B. Named Party in Interest Conflict

1. Prohibition. No member of a governing board shall knowingly participate in such body's deliberations or voting in any matter involving a named party in interest where such member: (a) is a named party in interest; (b) is an employer, employee or fellow employee of a named party in interest; (c) is associated with a named party in interest through a broker association; (d) has a family relationship with a named party in interest; or, (e) 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.

If the member's only relationship with a named party in interest is through a broker association not established for the purpose of sharing profits and losses as described by [Regulation 2065.00.A.3.](#) then the prohibition shall not apply. Furthermore, if a named party in interest is one or part of a group of similar persons or entities that is the subject for general deliberation and voting, such as approval for regularity or membership, and there is no material issue of dispute involving a named party in interest, then the prohibition shall not apply.

2. Disclosure. Prior to consideration of any matter involving a named party in interest, each member of the deliberating body who does not choose to abstain from deliberations and voting shall disclose to the Department of Audits and Investigations whether such member has one of the relationships listed in paragraph B.1. of this Rule with a named party in interest.
3. Procedure and Determination. Exchange staff shall determine whether any member of the deliberating body is subject to a conflicts restriction under this paragraph B. Such determination shall be based upon a review of the following information:
  - a. information provided by the member pursuant to paragraph B.2. above, and
  - b. any other source of information that is held by and reasonably available to the Exchange.

C. Financial Interest in a Significant Action Conflict

1. Prohibition. No member of a governing board shall participate in such body's deliberations and voting on any significant action if such member knowingly has a direct and substantial financial interest in the result of the vote based upon either Exchange or non-Exchange positions that could reasonably be expected to be affected by the significant action under consideration, as determined pursuant to this Rule.

2. Disclosure. Prior to consideration of any significant action, each member of the deliberating body who does not choose to abstain from deliberations and voting shall disclose to the Department of Audits and Investigations position information that is known to such member, with respect to any particular month or months that are under consideration, and any other positions which the deliberating body reasonably expects could be affected by the significant action, as follows:
  - a. gross positions held at the Exchange in the member's personal accounts or "controlled accounts," as defined in CFTC Regulation 1.3(j);
  - b. gross positions held at the Exchange in proprietary accounts, as defined in CFTC Regulation 1.17(b)(3), at the member's affiliated firm;
  - c. gross positions held at the Exchange in accounts in which the member is a principal, as defined in CFTC Regulation 3.1(a);
  - d. net positions held at the Exchange in "customer" accounts, as defined in CFTC Regulation 1.17(b)(2), at the member's affiliated firm; and
  - e. any other types of positions, whether maintained at the Exchange or elsewhere, held in the member's personal accounts or the proprietary accounts of the member's affiliated firm, that reasonably could be affected by the significant action.
3. Procedure and Determination. Exchange staff shall determine whether any member of the deliberating body is subject to a conflicts restriction under this paragraph C. based upon a review of the most recent large trader reports and clearing records available to the Exchange, information provided by the member with respect to positions pursuant to paragraph C.2. of this Rule, and any other source of information that is held by and reasonably available to the Exchange, taking into consideration the exigency of the significant action being contemplated.

D. Deliberation Exemption.

1. Any member of a governing board who would otherwise be required to abstain from deliberations and voting pursuant to paragraph C. hereof may participate in deliberations, but not voting, if the deliberating body, after considering the factors specified below, determines that such participation would be consistent with the public interest; provided, however, that before reaching any such determination the deliberating body shall fully consider the position

information specified in paragraph C.2. and C.3. above, which is the basis for such member's substantial financial interest in the significant action that is being contemplated.

2. In making its determination, the deliberating body shall consider;
    - a. whether the member's participation in deliberations is necessary to achieve a quorum; and
    - b. whether the member has unique or special expertise, knowledge or experience in the matter being considered.
  3. Voting Exemption. If at least one-half of the deliberating members cannot participate in voting consistent with this Rule, then every member who has been granted a deliberation exemption pursuant to this paragraph D. may participate in voting.
- E. Documentation. The minutes of any meeting to which the conflicts determination procedures set forth in this Rule apply, shall reflect the following information:
1. the names of all members who attended the meeting in person or who otherwise were present by electronic means;
  2. the name of any member who voluntarily recused himself or herself or was required to abstain from deliberations and/or voting on a matter and the reason for the refusal or abstention, if stated;
  3. information on the position information that was reviewed for each member if applicable and available; and
  4. the name of any member who participated in voting pursuant to paragraph D.3. of this Rule.

## **282.00. CLEARING HOUSE.**

There shall be established a Clearing House of the Grain Exchange, which shall supervise the clearing of Futures and Options Contracts made in this Market pursuant to the Rules and Regulations of the Corporation. The Clearing House shall be under the supervision of a Clearing House Committee.

## **283.00. DEPARTMENT OF AUDITS AND INVESTIGATIONS.**

Under authority of **Rules 210.01., 216.01., 600.00., 602.00.** and **616.00.**, there shall be established a Department of Audits and Investigations. No employee of such Department shall have any interest in the business of any Member or Member Firm.

This Department shall initiate and conduct investigations and audits on behalf of the President of the Exchange and/or the appropriate committee. Such investigations shall be initiated promptly after receipt of a complaint or other indication of possible Rule violations. On completion of the investigation an Investigation Report shall be prepared.

This report shall include the reason for initiating the investigation, a summary of the complaint, if any, and the Department's recommendations. This shall specify that the file be closed, or that a warning letter has been, or may be, issued (such a letter shall not constitute either a finding of a Rule violation or a penalty) or that the matter be referred to a committee for consideration.

**290.00. NONPUBLIC INFORMATION - IMPROPER USE OR DISCLOSURE.**

For purposes of this Rule, "material" and "non-public information" shall be defined by CFTC Regulation 1.59(a).

In accordance with CFTC Regulation 1.59(c), no Exchange officer, member of the Board of Directors or member of any committee shall use or disclose, for any purpose other than the performance of such person's official duties, material, non-public information obtained as a result of such person's office or participation on the Board of Directors or any committee.





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**RULES  
CHAPTER 3  
MEMBERSHIP**

**300.00. MEMBERSHIP: PERSONS ELIGIBLE.**

Any person of legal age, as defined in Minnesota Statutes §645.451 subd. 6, whose character, credit and reputation for fair dealing are such as to satisfy the Membership Committee and the Board of Directors that the applicant will be a suitable person to entrust with the privileges and responsibilities of Membership, and only such persons, shall be eligible to Membership in this Corporation.

**301.00. MEMBERSHIP: ADMISSION TO.**

If the terms and conditions set forth below have been complied with, the Board of Directors may elect an eligible applicant to Membership by a majority vote; but, in no event fewer than seven (7) affirmative votes:

- A. An Application for Membership must have been made;
- B. The Application must be reviewed by an Officer of the Corporation. The Membership Committee may, at its discretion, require any applicant to appear before it prior to any action by the Board of Directors; Attention is directed to **Rule 302.01.** regarding the approval required for Application for Membership from persons who have previously been expelled from the Corporation.
- C. Notice that such Application has been received must have been given to Members and/or Owners at least five (5) days before action thereon by the Board of Directors, and a copy of such Application must have been posted on the Official Bulletin Board for ten (10) consecutive days prior to such action;
- D. If an objection to the election of such person to Membership has been duly filed by a Member and/or Owner of the Corporation, or by a Registered Firm or Corporation, it must have been heard by the Board of Directors and dismissed;
- E. All the requirements of the Rules and Regulations for the transfer of a Membership to the applicant must have been complied with or the applicant must have obtained an original Membership under the provisions of **Rule 360.00.**
- F. An application fee shall be collected by the Corporation at the time of the Application. This fee, in an amount to be determined by the Board of Directors, shall not be refunded in the event that the applicant fails, for any reason, to become a Member.
- G. Upon approval by the Board of Directors the applicant shall have sixty (60) days to obtain a Membership.

**302.00. MEMBERSHIP: APPLICATION FOR.**

Application for Membership shall be in writing and shall contain an agreement by the applicant that in consideration of being admitted to Membership he will be bound by, the Charter, Rules, Regulations, customs and usages of the Corporation and all amendments and additions to such Charter, Rules and Regulations subsequently adopted, and that such agreement shall be binding on him and his heirs, executors, administrators, successors, and assigns. Said Application shall be in such form, and accompanied by such information and statements, as the Board of Directors shall prescribe. Such Application shall be signed by the applicant.

**302.01. EXPELLED MEMBERS: READMISSION.**

If an Application for Membership has been received from a person who previously had been expelled from Membership in this Corporation, the Chairman of the Membership Committee shall call and preside at a meeting of the Committee at which four (4) persons shall constitute a quorum for the transaction of business. The Application shall be considered and voted upon and shall be approved by the Committee upon a two thirds (2/3) affirmative vote.

**303.00. MEMBERSHIPS: TRANSFERS OF.**

When and if the terms and conditions set forth below have been complied with and upon the order of the Board of Directors or a duly authorized officer or committee, and not otherwise, the Secretary shall transfer a Membership upon the books of the Corporation.

- A. The transferee must have been elected to Membership or be a Member in good standing;
- B. A request to transfer the Membership, on a form as prescribed by the Board of Directors, must have been duly executed by the transferee and by the Person, Firm, or Corporation who or which is to be recorded as the Owner of the Membership, and such request must have been filed with the Secretary;
- C. All of the requirements of the Rules and Regulations for recording the Ownership of the Membership must have been complied with;
- D. Notice that a Request for Transfer of a Membership has been received must have been given to Members and/or Owners at least five (5) days before the date of such transfer, and a copy of such Request must have been posted on the Official Bulletin Board for ten (10) consecutive days prior to the date of such transfer;

If the Membership is registered for a Firm or Corporation the notice shall so state and said notice shall call attention to the fact that under the Rules the registration of that Firm or Corporation will be canceled automatically if and when the proposed transfer of the Membership is made.

- E. If an objection to such transfer has been duly filed, it must have been heard and dismissed or, if sustained, the claim upon which it was based must have been satisfied;

- F. A transfer fee in an amount determined by the Board of Directors must be paid and in all cases the buyer pays the transfer fee.
- G. In the event the Ownership of a Membership is recorded in the name of a party other than the Member and the Member desires to be relieved of the restrictions imposed by the provisions of **Rule 320.00.**, the Owner of the Membership must upon request of the Member transfer the Membership to another person; but

PROVIDED FURTHER, that, upon agreement by the Member not to exercise any of the privileges conferred by the Membership, the Board of Directors may waive the restrictions and requirements of this Rule during such time as, in its opinion, is reasonable in order to allow disposition/or transfer of the Membership to be made.

Upon the transfer of a Membership, a certificate of Membership shall be issued and the privileges conferred upon the former Member shall terminate.

- H. In the event that a Member of a Firm or Corporation owned Membership leaves the employment of that Firm or Corporation, the Membership shall be transferred into the name of a designated representative of the Firm or Corporation. In the event the designated representative is not a Member, application for Membership must be made and the application/transfer fee paid.

### **303.01. SUSPENSION OF TRADING PRIVILEGES UPON REQUEST TO TRANSFER MEMBERSHIP.**

Whenever the transfer of a Membership has been requested, the Board of Directors, at its discretion, may suspend the trading privileges of the Member and/ or of any Firm or Corporation for which the Membership is registered, if appropriate, until the further order of the Board of Directors.

### **304.00. OBJECTIONS TO TRANSFER OF A MEMBERSHIP.**

Any Member or any Registered Firm or Corporation claiming, under the provisions of the Rules and Regulations of the Corporation, to have a lien against a Membership may file an Objection against a transfer of such Membership, as provided below:

- A. Such Objection shall be in writing in the form prescribed by the Board of Directors and must be filed with the Secretary, together with a statement of the amount of the claim for lien against the Membership upon which such Objection is based, within ten (10) days after notice of the Request for Transfer of such Membership has been posted on the Official Bulletin Board;
- B. Failure to file an Objection as provided in Section A. shall be deemed and held to constitute a waiver of the lien and the right to file the Objection. A Membership subsequently transferred, and the Ownership recorded shall be considered free and clear of all liens and claims for liens as if no

objections were filed, no subsequent objection, complaint, claim or demand against the former Member or against any Firm or Corporation for which the Membership has been registered, shall constitute a lien or otherwise impair it in the hands of an innocent Owner;

- C. At the expiration of said period of ten (10) days a copy of any Objections that have been duly filed, together with a copy of the statement of the amount of the claims for liens upon which such Objections were based, shall have been served upon the parties who requested the transfer of the Membership including the Member and/or Owner, and upon any Firm or Corporation for which the Membership is registered;
- D. If any Objection has been duly filed, the Board of Directors shall hear all parties and determine the validity of the Objection; and, if it is sustained, the Application for Transfer shall be denied until such time as the claim or claims upon which the Objection was based have been settled.

Notice of the time, place and purpose of the meeting of the Board of Directors at which Objections are to be acted upon shall be served on the party who has requested the transfer of the Membership, and on the Member and/or Owner and on any Firm or Corporation for which the Membership is registered.

### **305.00. MEMBERSHIP TRANSFERRED IN VIOLATION OF RULES.**

In case any Membership shall have been transferred in violation of any of the provisions of the Rules or Regulations applicable to such Membership, such transfer shall be null and void.

### **310.00. MEMBERSHIP: RECORDING OF OWNERSHIP.**

When the terms and conditions set forth below have been complied with and upon the order of the Board of Directors or a duly authorized officer or committee, the Secretary shall record the Ownership of a Membership upon the books of the Corporation in the name of a Person, Firm or Corporation:

- A. The Person, Firm or Corporation to be recorded as the Owner must be in good standing, must have paid the purchase price and be the sole and absolute Owner of such Membership, free and clear of all liens and encumbrances;
- B. If the Person to be recorded as the Owner is an officer or employee of the Exchange, or if the officer or employee of the Exchange has a financial interest in the Firm or Corporation to be recorded as the Owner, such disclosure shall be made to the Board. In no instance may the officer or employee be recorded as the Record Holder of a Membership, or exercise the privileges of a Record Holder.
- C. The recording of the Ownership of a Membership must be duly executed with the Secretary immediately after purchase by the Person, Firm or Corporation who or which is to be recorded as the Owner. The information needed to record the Ownership shall be in such form and

shall be accompanied by such facts and statements as the Board of Directors may require.

- D. If the Person, Firm or Corporation, who is to be recorded as the Owner, has incurred any indebtedness in connection with obtaining such Membership, there must have been filed with the Secretary an agreement, in such form as the Board of Directors shall have prescribed, by the party to whom the Owner has become indebted, subordinating any claim such party may have on account of such indebtedness to claims of the Corporation for assessments, liens or claims for liens against such Membership that may arise pursuant to the Rules and Regulations of the Corporation; (See [Form 3-10.00\(C\)](#), Page 7035.)
- E. All assessments against such Membership that are due and payable, together with interest on any delinquent portions thereof, must have been paid;
- F. Notice that a Request to Record the Ownership of a Membership has been received must have been given to Members at least five (5) days before the date of such recording, and a copy of such Request must have been posted on the Official Bulletin Board for ten (10) consecutive days prior to the date of such recording;
- G. If an objection to such recording has been duly filed, it must have been heard by the Board of Directors or a designated committee and dismissed or, if the claim upon which it was based has been sustained, the claim must have been satisfied before the Ownership is recorded;
- H. Neither the previous Member nor Owner of such Membership, nor any Firm or Corporation for which the Membership is registered, can be a party to any unsettled controversy before the Board of Arbitration, or any committee of the Board of Directors, unless this provision shall have been specifically waived by the Board of Directors.

### **310.01. REJECTION OF MEMBERSHIP STATUS.**

Any Buyer purchasing a Membership, who is not currently an Exchange Record Holder, must designate an individual to apply for Membership at the time of purchase or place the membership in a current Record Holder's name. If, for any reason, the application for Membership is rejected, the Exchange will instruct the Buyer to sell the Membership in question on the open market. The Buyer shall have sixty (60) calendar days in which to complete the sale of the Membership. In the event the Membership is not sold at the end of sixty (60) calendar days, the Buyer must take the highest bid on file with the Membership Department. In accordance with Exchange [Rule 301.00. \(F\)](#) the Exchange will not refund the application fee. The Buyer shall be responsible for any assessments or dues levied against that Membership during the period in which the Buyer owns said Membership. The Buyer shall assume all risk of gain or loss from the resale of the Membership.

**312.00. CERTIFICATES OF MEMBERSHIP.**

Every Member shall be entitled to receive a Certificate of Membership bearing the signature of the President and of the Secretary, and the seal of the Corporation but, the sole official evidence of Ownership shall be the records of the Corporation. Certificates of Membership shall be in the form heretofore used.

A duplicate Certificate may be issued on the following terms and conditions:

- A. A request for such duplicate certificate, accompanied by a fee of five dollars (\$5.00), must be made in writing by the Owner of the Membership or by his or its heirs, executors, administrators, successor, or assigns accompanied by an assignment or by other proper and appropriate instrument or evidence of transfer, conveying title to such Membership from the Owner;
- B. An affidavit, by the party requesting the duplicate certificate, that he is unable to produce the Certificate of Membership but that he or it is the sole and absolute Owner of the Membership, free and clear of all liens and encumbrances;
- C. An agreement, by the party requesting such duplicate certificate, that, in consideration of the issuing of the duplicate certificate, he or it will indemnify the Corporation and hold it harmless against all claims, demands or actions of any sort and all costs or expenses incidental thereto in which the Corporation may be involved or may incur because of the issuance of such duplicate certificate. The duplicate certificate shall be issued to the same Member and bear the same date as the original Certificate and a notation that it is a duplicate Certificate.

A Certificate of Membership shall be evidence that the Member was, on the date of issue, entitled to the privileges of Membership in this Corporation, but it shall not be considered evidence concerning the Ownership of the Membership involved.

**315.00. SUBSTITUTES.**

A Member's privilege of entering and transacting business in the Exchange Room during the hours of trading may be transferred temporarily to a substitute by the issuance to such substitute of a Substitute Ticket as hereinafter provided, and not otherwise. Such privilege may be so transferred:

- A. If, and during, the time that such Member is temporarily unable to transact business in the Exchange Room because of illness, absence from the City or other cause deemed sufficient and proper by the Corporation's administrative officers;
- B. If, and during, the time that an Application for Transfer of a Membership to such substitute has been duly filed and has not been acted upon by the Board of Directors.



It is not the intent of this Rule to enable any person by means of a Substitute Ticket to obtain the privilege of entering and transacting business in the Exchange Room during the hours of trading for a considerable period of time unless he is substituting for various Members who are customarily active in the Exchange Room.

A Substitute Ticket shall not be issued to any person who has been expelled from this Corporation or who is under suspension, or to enable any person to act as a substitute for a Member who is under suspension or against whose Membership the assessments have been waived under the provisions of [Rule 221.02](#).

If a Member for whom a substitute is acting shall appear in the Exchange Room during the hours of trading, or if such Member, except in cases of substitution under the provisions of Section B. of this Rule, or in special circumstances, shall appear with regularity in the buildings of the Corporation, such appearance shall be cause for cancellation of the Substitute Ticket.

In case of any dispute over the propriety of issuing, renewing or cancelling a Substitute Ticket, such dispute shall be settled by the Board of Directors.

### **315.01. SUBSTITUTE TICKETS: ISSUANCE OF.**

Substitute Tickets shall be issued or renewed by the Secretary upon application. Such Tickets or renewals shall be for not more than thirty (30) days and may be cancelled at any time for just cause.

### **315.02. SUBSTITUTE TICKETS: APPLICATION FOR.**

Applications for Substitute Tickets shall show the Member for whom substitution is requested and shall be signed by the Substitute and by the Member, Firm or Corporation having trading privileges for whom Substitute is authorized to make trades. The Substitute and such Member, Firm or Corporation shall, respectively, be subject to the same restrictions, obligations and liabilities including penalties for the violation of the Rules, Regulations, customs and usages of the Corporation with respect to any and all trades, transactions or other acts of the Substitute while such Ticket is outstanding.

### **320.00. MEMBERS: LIMITATION ON PARTIES FOR WHOM THEY MAY ACT.**

A Member whose Membership is registered in the name of a Registered Firm or Corporation, whether the Owner of such Membership or not, may act only in the name of or for the account of the Registered Firm or Corporation for which the Membership has been registered or another "affiliated" Corporation as defined in Chapter I, unless an authorized representative of the Registered Firm or Corporation has provided a written release to the Department of Audits and Investigations that the Member can trade for his personal account. See [Form 3-20.00](#). page 7053.

A Member whose ability to act is limited by this Rule, may give up the name of a party as principal, other than the Registered Firm or Corporation for which he is authorized to act, when making trades pursuant to [Rule 704.00](#).

**321.01. MEMBERS: AUTHORIZATION TO TRADE NOT REQUIRED.**

Any Member who is the Owner of a Membership standing in his name, and who has not registered his Membership for a Firm or Corporation, and any Registered Firm or Corporation may make trades or other transactions on the Exchange in the name of other parties having trading privileges if and when, but only if and when:

- A. Acting in the capacity of Broker; or
- B. Making trades that are for his or its own account and risk.

The privileges conferred by this Rule shall apply only in connection with Futures and Options Contracts and shall not apply to cash sales and purchases.

**321.02. BROKERS.**

The term "Broker" as used in the Rules shall mean any party who, as agent, makes trades or other transactions for and in the name of another party, as principal, and who reports the name of his principal at the time of making the trade or transaction.

**321.03. ACTING AS BROKER ON THE EXCHANGE.**

The making of trades or transactions on the Exchange in either Futures or Options or cash commodities in the capacity of a broker shall be subject to the following conditions and restrictions:

- A. The Broker must be either:
  - 1. A Member who is the Owner of a Membership standing in his name and who has not registered his Membership for a Firm or Corporation; or,
  - 2. A Registered Firm or Corporation: FOR CLARIFICATION REFER TO **RULE 320.00.** - MEMBERS: LIMITATION ON PARTIES FOR WHOM THEY MAY ACT.
- B. Any Member, or Registered Firm or Corporation, acting on the Exchange in the capacity of a Broker, must at the time of making each trade or transaction report the name of a principal who has authorized him to make the trade or transaction; and, having done so, shall not thereafter be held responsible for the fulfillment of such trade or transaction or for the obligations imposed by **Rule 1137.00.**

PARAGRAPH B above does not apply to the sale of spot or consigned cars of grain.

**322.00. FLOOR BROKER/FLOOR TRADER REGISTRATION REQUIRED.**

No Member shall execute futures or options trades in the pit unless he is registered as a Floor Broker or Floor Trader with the National Futures Association as required by the Commodity Futures Trading Commission. See **Regulation 2055.00.**

**323.00. RIGHTS OF MEMBERS, BOARD TO DETERMINE.**

Any question or dispute as to the rights or privileges conferred on a Member by Membership, or as to the interpretation of the Rules, Regulations, customs or usages of the Corporation, shall be decided by the Board of Directors at a meeting of which the Member concerned shall have had notice and an opportunity to be heard, and such decision shall be final and binding.

**330.00. ASSESSMENTS, DELINQUENT.**

Any assessment levied upon a Membership of the Corporation, which has not been paid in full thirty (30) days after the due date shall become delinquent. Interest at the highest legally permissible statutory rate may accrue and be charged on all delinquent assessments from the date upon which they become delinquent, until paid.

**330.01. DELINQUENT ASSESSMENT: SUSPENSION OF MEMBER.**

If any assessment or any part of an assessment levied upon a Membership in the Corporation has become delinquent, the Member shall be suspended automatically until the delinquent part of such assessment, together with the accrued interest, where applicable, has been paid.

Notice of such suspension shall be posted forthwith on the Official Bulletin Board and shall be given to Members, and a copy shall be served on the Member and/or Owner of the Membership involved, and on any Firm or Corporation for which the Member has registered a Membership.

**330.02. DELINQUENT ASSESSMENTS: REINSTATEMENT OF MEMBER.**

The payment in full of a delinquent assessment against a Membership together with the accrued interest, where applicable, shall cancel the suspension of the Member and/or Owner of such Membership without the necessity of action by the Board of Directors; and such Member shall be reinstated to all of the rights, privileges and benefits of Membership in the Corporation, and notice to that effect shall be posted on the Official Bulletin Board.

**330.03. ASSESSMENTS: LIABILITY FOR PAYMENT.**

The Owner of a Membership shall be liable for duly levied assessments. He may also be liable for the accrued interest, where applicable, on any portions of such assessment that have become delinquent, but the claims of the Corporation for such payments shall not be enforced against such Owner until the provisions of the Rules relative to the sale of a Membership for the nonpayment of assessments have been complied with.

**330.04. ASSESSMENTS DELINQUENT FOR FORTY-FIVE (45) DAYS.**

If any assessment levied upon a Membership in the Corporation has been delinquent for forty-five (45) days, past the posted due date, it shall be reported by the Secretary to the Board of Directors at the first meeting of the Board thereafter, and the Board shall thereupon order such Membership sold by the Corporation, as provided in [Rule 337.00](#). If an Owner allows an assessment or part of an assessment to be delinquent twice in a two-year (2) period, the Board of Directors may order the Membership sold after the assessment has been delinquent for thirty-one (31) days past the posted due date.

**330.05. ASSESSMENTS: OWNER OF MEMBERSHIP, DECEASED OR INCOMPETENT.**

If the Owner of a Membership was deceased or incompetent on the date on which an assessment, becomes due and payable, and if such assessment becomes delinquent, the Board of Directors shall order such Membership sold by the Corporation, but it may delay such sale, at its discretion, until an executor, administrator or guardian has been appointed and shall have had reasonable opportunity to act.

**335.00. LIENS UPON MEMBERSHIPS.**

Any Member, or Registered Firm or Corporation, to whom or to which another Member, or Registered Firm or Corporation, is indebted in connection with or as a result of any trade, that is subject to or governed by the Rules, Regulations, customs and usages of this Corporation may file a lien to secure the payment of such indebtedness. The lien may be filed upon all Memberships in the Corporation of which the debtor is the Owner. Also, in the event that such debtor is a Firm or Corporation the lien may be filed upon the Membership that is registered for such Firm or Corporation, whether or not such Firm or Corporation is the Owner of such Membership.

**336.00. REQUEST FOR SALE OF A MEMBERSHIP TO SATISFY LIENS.**

Any Member, or any Registered Firm or Corporation, claiming to have a lien against a Membership may, if the indebtedness or obligation upon which such claim is based has been due and payable for more than ninety (90) days, file a claim for such lien, together with a request that the Membership be sold for the satisfaction thereof.

Such claim, together with a statement of the amount thereof, shall be filed with the Secretary.

Such claim shall be heard and determined in accordance with the provisions of **Rule 336.01**. and, if it or any portion is determined to be valid, the Board of Directors shall order the Membership sold by the Corporation under the provisions of **Rule 337.00**.

**336.01. HEARING ON REQUEST FOR SALE OF A MEMBERSHIP TO SATISFY LIENS.**

If a request for the sale of a Membership to satisfy liens has been filed as provided in **Rule 336.00.**, there shall be a meeting of the Board of Directors after due notice thereof for the purpose of hearing such request and the claim upon which it is based, and any other claims for liens duly filed against such Membership, and determining if such claims, or any portions thereof, are valid.

Notice of the time, place and purpose of such meeting shall be served on claimants, on the Member and/or Owner of the Membership involved, on any Firm or Corporation for which the Membership has been registered, given to Members, and posted on the Official Bulletin Board at least ten (10) days before such meeting.

Any other Member, or Registered Firm or Corporation, claiming to have a lien against such Membership must file such claim for lien prior to such meeting; and, failing to do so, will be deemed and held to have waived his or its rights to such lien.

At such meeting the Board of Directors shall examine all claims for liens against the Membership that have been duly filed and shall hear fully all claimants and the Member and/or

Owner of the Membership, and any Firm or Corporation for which the Membership has been registered, if they shall appear. The Board shall determine which claims are valid under the provisions of the Rules, and such determination shall be final and binding on all parties.

Such meetings of the Board of Directors may be adjourned from time to time at the discretion of the Board.

### **337.00. SALE OF A MEMBERSHIP BY THE CORPORATION.**

If the Board of Directors shall have ordered the sale of a Membership by the Corporation, a meeting of the Owners shall be called for such purpose after ten (10) days' due notice thereof. Such notice shall state the date, time, place and purpose of such meeting, and shall be given to Members, posted on the Official Bulletin Board, and served on the Member and/or Owner of the Membership, and on any Firm or Corporation for which the Membership has been registered.

If the Membership is to be sold to satisfy delinquent assessments, the notice shall call attention to provisions of **Rule 338.00.** relative to filing of claims for liens.

At such meeting the Membership shall be sold to the highest bidder. When appropriate, the highest existing bid from a non-member shall be included in the auction.

The Board of Directors, pursuant to authority granted by **Rule 361.00.** may, at its discretion, cause a bid or bids to be made for the Membership in the name of the Corporation; and, in the event that the Membership is being sold to satisfy delinquent assessments and if no other bids have been received, the Board shall cause a bid, at a figure as determined by the Board, to be so made.

If more than one Membership is to be sold at any one meeting of the Owners, the order in which such Memberships shall be offered for sale shall be determined by lot.

After such sale, the former Member and/or Owner of such Membership shall be deemed to have forfeited and relinquished the rights, benefits and privileges conferred by such Membership, and all rights, title and interest in and to such Membership; and failure to surrender the old Certificate for cancellation shall in no way affect such sale, or the title to the Membership to the new purchaser.

### **338.00. CLAIMS AGAINST A MEMBERSHIP TO BE SOLD TO SATISFY DELINQUENT ASSESSMENTS.**

Any Member, or any Registered Firm or Corporation, claiming under the provisions of the Rules and Regulations to have a lien against a Membership that is to be sold by the Corporation to satisfy delinquent assessments, must file a claim for such lien with the Secretary, together with a statement of the amount thereof, prior to the meeting at which such Membership is to be sold; and, failing to do so, will be deemed and held to have waived his or its right to such lien.

If any claims for liens have been so filed, the Board of Directors shall hold a meeting as soon after such sale as is practicable to hear and determine which claims for liens are valid. Notice of the time, place and purpose of such meeting shall be served on the claimants, and on the Member and/or Owner of the Membership, and on any Firm or Corporation for which the Membership has been registered.

**339.00. STOPPING THE SALE OF A MEMBERSHIP.**

If, at any time prior to the actual sale of a Membership, that part of the assessment, if any, upon such Membership that has been delinquent for forty-five (45) days, together with accrued interest shall have been paid; or if the liens to satisfy which the Membership was to be sold have been satisfied, the proceedings for the sale shall be stopped, and notice to that effect shall be given to Members and/or Owners and posted on the Official Bulletin Board.

**340.00. MEMBERSHIP SOLD BY CORPORATION: APPLICATION OF PROCEEDS.**

When and if a Membership has been sold by the Corporation, whether to satisfy delinquent assessments or liens, the proceeds of such sale shall be applied as follows:

- A. First: To the payment of unpaid assessments that have been levied against such Membership and that have become due and payable at the time of such sale, together with fines, accrued interest on any portions of such assessments that have become delinquent, and any fines assessed against the Member and/or Owner or any other debts due the Exchange.
- B. Any portion of the proceeds remaining, after the payments prescribed in Subsection A. have been made in full, shall be applied to the payment of liens, if any, which have been determined to be valid by the Board of Directors; and, if such proceeds will not pay all of such liens in full, they shall be applied pro rata to such liens;
- C. After the payments prescribed in Subsections A. and B. have been made in full, any portion of such proceeds remaining shall revert to the Corporation.

**350.00. REGISTRATION OF FIRMS AND CORPORATIONS.**

The Registration of a Firm or Corporation confers upon it certain rights, benefits and privileges through the registration of a Membership for its benefit and imposes upon it certain duties, obligations and liabilities. Registration also imposes upon the Member of the Membership that has been so registered certain additional duties, obligations, liabilities and restrictions. All these matters are as set forth in the various Rules applicable thereto.

**350.01. REGISTRATION OF FIRMS AND CORPORATIONS: ELIGIBILITY FOR.**

Only Firms and Corporations, as defined and limited by Subdivisions A. and B., whose financial condition and reputation are adequate, in the opinion of the Board of Directors, are eligible to be registered:

- A. The word "Corporation" shall mean "Business Corporation." The term "Business Corporation" shall mean the legal entity created and existing by virtue of the laws of any State or Nation, through or by means of which any business or financial operations are carried on, and shall include limited liability companies and cooperatives and other associations if incorporated under any such law.

- B. The word "Firm" shall mean "Business Firm". The term "Business Firm" shall mean any unincorporated organization through or by means of which any business or financial operations are conducted, including a general partnership, limited partnership, syndicate, group, trust, estate, joint venture or association.

### **350.02. REGISTRATION OF FIRMS AND CORPORATIONS: PROCEDURE.**

Upon compliance with conditions set forth in this Rule and upon the order of the Board of Directors, the Secretary shall register the name of a Firm or Corporation on the record books of the Corporation, and such Firm or Corporation shall be known as a Registered Firm or Corporation:

- A. An Application for Registration must have been duly filed, signed by a Member who desires to register his Membership for such Firm or Corporation, and also executed on behalf of the Firm or Corporation to be registered;
- B. Such Member must be in good standing and, in the case of a Firm, a Member of such Firm as defined in Chapter I; and, in the case of a Corporation, an officer of such Corporation, authorized by the Bylaws or by the Board of Directors of such Corporation to execute contracts for and on behalf of such Corporation;
- C. Such Member must not have registered a Membership for any other Firm or Corporation. For the purposes of cash trading, a Member shall not have trading privileges in his own name;
- D. Either the Member himself or the Firm or Corporation to be registered must be the Owner of the Membership to be so registered.

### **350.03. REGISTRATION OF FIRMS AND CORPORATIONS: APPLICATION FOR.**

An Application for Registration of a Firm or Corporation shall be in such form as prescribed by the Board of Directors and shall contain an agreement, in consideration of the granting of such registration, that the Firm or Corporation applying for registration will be bound by, and all Memberships in the Corporation owned by such Firm or Corporation will be subject to the provisions of the Charter, Rules and Regulations, customs and usages of the Corporation, and all additions and amendments to such Charter, Rules and Regulations subsequently adopted; and such agreement shall be binding on such Firm or Corporation and its successors and assigns.

An Application for Registration shall be accompanied by a sworn statement made by a Member of the Firm or an officer of the Corporation on behalf of the Firm or Corporation applying for registration, and in such form as the Board of Directors may prescribe of its assets and liabilities, (see [Regulations 2085.00.](#), [2086.00.](#), [2087.00.](#), [2088.00.](#), and [2089.00.](#)) and the nature of its business, and such other information pertinent to the granting of the Registration as may be required by the Board of Directors. In the case of a Firm, the statement shall show satisfactory evidence of the existence of such Firm, the names of its members, and whether or not its articles of organization provide for the continuation of its existence in case of change in

its members. In the case of a Corporation, the statement shall show the date when and the State under whose laws it was incorporated, and the names of its officers.

Such Application shall also be accompanied by evidence satisfactory to the Board of Directors of the authority for making the Application for Registration and of the Member who desires to register his Membership for such Firm or Corporation. In the case of a Corporation, such evidence shall include a resolution of the Board of Directors granting such authority.

#### **350.04. REGISTRATION OF FIRMS AND CORPORATIONS: TIME IN FORCE AND EFFECT.**

Registration of a Firm or Corporation and the duties, obligations, liabilities and penalties imposed thereby on the Member who registered his Membership for such Firm or Corporation, and upon the Membership itself, shall remain in force and effect until such registration is canceled as provided in **Rule 350.05**. Registered Firms and Corporations must notify the Secretary of any change in their legal status or of any other circumstances that would have a bearing on their registration.

#### **350.05. REGISTRATION OF FIRMS AND CORPORATIONS: CANCELLATION OF.**

The registration of a Firm or Corporation shall be canceled by the Board of Directors:

- A. Upon the cessation of Membership in this Corporation for any reason.  
  
PROVIDED, however, that in such cases the cancellation may be delayed, for such length of time as is reasonable in order to allow reregistration of such Firm or Corporation;
- B. Upon such Member ceasing to be a member of such Firm or an officer of such Corporation, as defined by **Rule 350.02.B.**;
- C. Upon the written request of such Firm or Corporation;
- D. Upon the termination of the legal existence of such Firm or Corporation;
- E. Whenever the Board of Directors at a meeting held not fewer than ten (10) days after notice of the time, place and purpose has been served on such Firm or Corporation, and at which such Firm or Corporation shall have had full opportunity to be heard, shall find by an affirmative vote of not fewer than nine (9) Directors that the provisions of the Rules are not being complied with, and that such Firm or Corporation, after notice thereof, has failed or refused within a reasonable time to comply with such provisions.

The registration of a Firm or Corporation shall be suspended automatically and without action by the Board of Directors during such time as the Member who registered his Membership for the Firm or Corporation is under suspension.

PROVIDED, however, that the registration of a Firm or Corporation shall not be canceled if such Firm or Corporation is a party to any unsettled controversy before the Board of Arbitration or if any investigations or charges involving such Firm or Corporation are pending before the



Department of Audits and Investigations, the Futures Trading Conduct Committee, the Business Conduct Committee, or the Board of Directors, or if any orders of the Business Conduct Committee to such Firm or Corporation have not been complied with.

PROVIDED FURTHER, that when cancellation of the registration of a Firm or Corporation has been requested, the Board of Directors may, at its discretion, suspend the trading privileges, if any, of such Firm or Corporation until further action by the Board.

### **351.00. REGISTERED FIRMS AND CORPORATIONS: INFORMATION TO BE FURNISHED BY.**

Registered Firms or Corporations, whether the holders of trading privileges or not, shall furnish to the Board of Directors such sworn, written statements of their assets and liabilities (see [Regulations 2085.00.](#), [2086.00.](#), [2087.00.](#), [2088.00.](#), and [2089.00.](#)) and such other information as the Board of Directors may at any time or from time to time require, pertinent to the determination of whether or not, under the provisions of the Rules, the registration of such Firm or Corporation may be continued in force and effect.

### **355.00. TRADING PRIVILEGES: GRANTING OF.**

The Board of Directors may grant trading privileges to:

- A. A Member who is the Owner of a Membership standing in his name and who has not registered his Membership for a Firm or Corporation; or,
- B. A Registered Firm; or,
- C. A Registered Corporation legally qualified to do business in Minnesota.

PROVIDED, however, that such trading privileges may be granted only if and when the terms and conditions set forth below have been complied with:

- A. An Application for Trading Privileges, on a form as prescribed by the Board of Directors, must have been duly executed and filed with the Secretary. Such Application must be accompanied by a financial statement (see [Regulations 2085.00.](#), [2086.00.](#), [2087.00.](#), [2088.00.](#), and [2089.00.](#)) prepared and certified by a Certified Public Accountant, in such form as the Board of Directors shall prescribe, stating the assets and liabilities of the applicant and the nature and extent of the business that such applicant proposes to transact and such other information pertinent to the granting of the Application as the Board of Directors may require;
- B. The applicant for trading privileges must meet the minimum financial guidelines of the Minneapolis Grain Exchange; (See [Regulations 2085.00.](#), [2086.00.](#), [2087.00.](#), [2088.00.](#), and [2089.00.](#))

### **356.00. TRADING PRIVILEGES: INFORMATION TO BE FURNISHED.**

Every Member, Firm or Corporation having trading privileges shall file promptly after the end of his or its fiscal year (or after the end of each calendar year, in the absence of a fiscal year), with the Secretary, a financial statement, in such form as the Board of Directors shall prescribe from

time to time, of his or its assets and liabilities at the end of such fiscal or calendar year, and such other information pertinent to the continuation of trading privileges as the Board of Directors may require. (See **Regulations 2085.00.**, **2086.00.**, **2087.00.**, **2088.00.**, and **2089.00.**).

In addition to filing the statements required above, every Member, Firm or Corporation having trading privileges shall also comply with the following requirements at any time and from time to time, as and when the Board of Directors of this Corporation shall so order:

- A. Furnish to the Board of Directors such sworn written statements and information in respect to his or its assets and liabilities, (see **Regulations 2085.00.**, **2086.00.**, **2087.00.**, **2088.00.**, and **2089.00.**) and the volume and character of his or its business and other matters bearing on the adequacy of his or its business responsibility, all in such detail as the Board of Directors shall direct;
- B. Permit an audit and investigation to be made by a person or party designated by the Board of Directors, of his or its books, records of account and papers that are pertinent to the determination of the adequacy of his or its financial responsibility;
- C. Produce at any hearing before the Board of Directors (or any authorized committee) such of his or its books, records of account and papers that are pertinent to the determination of the adequacy of his or its financial responsibility, as the Board of Directors shall require.

#### **357.00. TRADING PRIVILEGES: RECISSION OR SUSPENSION OF.**

Whenever the Board of Directors, after a hearing initiated by said Board and at which the party under investigation has had an opportunity to be heard, shall find that any Member, Firm or Corporation having trading privileges has failed within a reasonable time to comply with any of the provisions of **Rules 355.00.**, **356.00.** and **358.00.** or with any order of the Board of Directors made thereunder; or whenever said Board shall determine that any such Member, Firm or Corporation does not have adequate financial responsibility to insure the reasonable safety of his or its creditors and the prompt discharge by him or it of all liabilities and obligations incurred in connection with transactions made or likely to be made by him or it, the Board of Directors may cancel or suspend the trading privileges of such Member, Firm or Corporation.

If the trading privileges of any Member, Firm or Corporation shall have been canceled or suspended, such Member, Firm or Corporation may make application for restoration of trading privileges; and the Board, pursuant to such application or upon its own motion and -- either after a subsequent hearing or otherwise -- may restore trading privileges to such Member, Firm or Corporation whenever the Board shall determine that he or it has adequate financial responsibility and has complied with all of the provisions of **Rule 355.00.**, **356.00.** and **358.00.** and all orders of the Board issued thereunder.

The determinations and actions of the Board of Directors under the authority granted by this Rule shall be final and binding.

**358.00. CLEARING PRIVILEGES.**

In order to clear trades at the Minneapolis Grain Exchange, a Registered Firm or Corporation must be granted clearing privileges by the Finance Committee. The Board may revoke said clearing privileges for cause at any time. A Registered Firm or Corporation with clearing privileges shall be known as a Clearing Member.

Clearing privileges may be granted and retained only if and when the terms and conditions set forth below have been met:

- A. A Clearing Member must have completed and remain in compliance with the terms contained in the Application for Clearing Privileges and the Clearing Agreement.
- B. A Clearing Member must be in good financial standing and meet the minimum financial requirements as may be determined by the Finance Committee.
- C. A Clearing Member must have the personnel, and computer hardware and software to effectively communicate with the Clearing House and otherwise conduct the business of clearing in an efficient manner.
- D. Any combination of the Clearing Member or a general partner(s) of the Clearing Member if a Firm or officer(s) of the Clearing Member if a Corporation must be the record owner of one (1) or more Memberships which shall be pledged to the Minneapolis Grain Exchange. A pledged Membership shall mean the Exchange will have first claim to the proceeds of any sale of such Membership. This pledge shall have priority over any other claim or lien filed pursuant to Chapter 3 of the Rules. At least one (1) record holder of such Memberships must be authorized by the Clearing Member to act or execute contracts on behalf of, and otherwise represent the interests of the Clearing Member. Furthermore, such Memberships shall not be included as part of the required security deposit with the Clearing House and shall not be used as value to meet the Clearing Member's margin requirements.
- E. If another person(s), firm(s) and/or corporation(s) (individually or collectively known as the parent) owns or controls, directly or indirectly, twenty percent (20%) or more of a Clearing Member, the parent must guarantee the obligations of the Clearing Member's non-segregated accounts including those accounts held or controlled by the parent, whether or not such parent is a Member of the Exchange. The Finance Committee shall determine whether a guarantee is adequate. This requirement may be waived at the discretion of the Board.

**360.00. ORIGINAL MEMBERSHIPS: ISSUANCE OF.**

The number of Memberships in this Corporation may be increased and the Corporation has the right to sell Original Memberships at a price to be determined by the Board of Directors. The person to whom such Membership is to be issued must comply with all the terms and conditions of the Rules and Regulations concerning admission to Membership and recording the

Ownership of a Membership. The number of outstanding Memberships shall not exceed six hundred (600) unless an increase is approved by a vote of the Ownership.

#### **361.00. PURCHASE AND RETIREMENT OF MEMBERSHIPS.**

The Board of Directors is hereby authorized to offer to purchase and purchase Memberships, as available, in this Corporation, at a price determined by the Board, whenever in its opinion the necessary funds are available and the best interests of this Corporation will be advanced by such purchase.

#### **362.00. MEMBERS: DEATH OF.**

Upon the death of a Member, it shall be the duty of the President to post an announcement on the Exchange Bulletin Board and announce the fact at the first meeting of the Board of Directors thereafter, and the Secretary shall enter the same on the records of the Corporation and give notice thereof to the Members.

#### **363.00. APPEARANCE BEFORE COMMITTEES.**

Persons who have signed an Application for Membership, Request for Transfer of a Membership, Request to Record the Ownership of a Membership or Application for Trading Privileges shall answer such questions and furnish such information pertinent to the consideration of and in support of such applications or requests and shall make such personal appearances as the Board of Directors or any duly authorized committee may require.

#### **364.00. WITNESSES, ATTENDANCE OF.**

Every Member, and every Registered Firm or Corporation, upon whom or which a notice or citation, issued by the President of the Corporation or by any duly constituted board, committee or other tribunal of the Corporation, has been duly served, shall appear and testify and produce his or its books, papers, records or other documents that are pertinent to the case in hearing, as required by such notice or citation; and, when testifying, shall answer any question that is proper and pertinent to the case in hearing. It is, however, hereby provided that no witness shall be required to answer any question if the answer would incriminate him.

#### **365.00. VIOLATION OF AGREEMENTS: FRAUDULENT REPRESENTATION OR CONCEALMENT.**

The making of any fraudulent representation or concealment in an Application for Membership or in a Request for Transfer of a Membership, or in a Request to Record the Ownership of a Membership, or in an Application for Registration of a Firm or Corporation, or in a Application for Trading Privileges, or in any information given or statements made in connection with any such applications or requests shall be Uncommercial Conduct.

Any violation by any Member or by any Registered Firm or Corporation or any agreement made by such Member or on behalf of such Registered Firm or Corporation, in connection with an Application for Membership, a Request to Transfer a Membership, a Request to record the Ownership of a Membership, an Application for the Registration of a Firm or Corporation, or an Application for Trading Privileges shall be Uncommercial Conduct.

**366.00. NOTICES REGARDING MEMBERSHIP, ETC.**

Notice shall be given to Members, and posted upon the Official Bulletin Board, of all admissions to Membership, suspension or expulsion of Members, death of Members, transfers of membership, recording of Ownership of Membership, registration or cancellation of registration of Firms or Corporations or granting cancellation of trading privileges.

**367.00. AUTHORIZATION TO ISSUE TRADING PERMITS.**

The Board of Directors shall have the authority to issue to a limited number of qualified nonmembers a temporary and nontransferable Permit to execute trades or act as a broker for others in trading a specific Futures Contract or Contracts on the floor of the Exchange. Trading Permits are to be issued only to promote liquidity.

A Permit shall not be issued until the applicant has demonstrated satisfactory compliance with the same Membership qualifications in effect at the time of application as would be required for a full Membership and when it has been determined the applicant will conscientiously perform the function or functions needed to promote the objective of this Rule. Applicant must arrange for clearing of trades prior to being issued a Permit.

The Board of Directors may terminate or suspend a Permit prior to its expiration date after proper notice and opportunity for hearing, if the holder has failed to perform in a conscientious manner the activities contemplated in the issuance of the Permit, has executed a trade in any Futures Contract other than the contract for which the Permit was issued, or has violated any Rule or Regulation of the Corporation, or has failed to comply with the duties and obligations that govern the general Membership, unless so exempted by the Board of Directors.

The holder of a Permit shall agree to abide by and be bound by the Charter, Rules, Regulations, customs and usages of the Minneapolis Grain Exchange, and each Permit holder shall be under the jurisdiction of the Corporation during the term of the Permit and thereafter, until any and all investigations or proceedings relating to his activities as a Permit holder have been resolved.

**368.00. COMMODITY EXCHANGE ACT RULE.**

- A. In order to comply with the Act of Congress known as the Commodity Exchange Act, and the regulations of the Commodity Futures Trading Commission promulgated thereunder, it is hereby provided that all Rules of this Corporation shall be construed with reference to, and shall be subject to and modified by, the provisions of said Act and regulations.
- B. The Corporation and every Member, and every Registered Firm and Corporation, shall make and file such reports and keep such books, and records for such a period of time as may be required pursuant to authority set forth in the Commodity Exchange Act as amended, and regulations promulgated thereunder, including, but not limited to, the authority contained in subdivision (b) of Sec. 5 of said Act, and shall keep such books and records open to inspection by any duly authorized representative of the Commodity Futures Trading Commission or the United States Department of Justice.

- C. Neither the Corporation nor any Member, or Registered Firm or Corporation, shall disseminate any false, misleading, or knowingly inaccurate reports concerning crop or market information or conditions that affect, or tend to affect, the price of any commodity.
- D. No Member, or Registered Firm or Corporation, shall manipulate, or attempt to manipulate, prices of commodities traded on this Exchange, nor corner, nor attempt to corner, any of such commodities.
- E. Any Member or Registered Firm or Corporation, who or which has been deprived of the privilege of trading in contract markets under subdivision (b) of Sec. 6 of the Commodity Exchange Act as amended, shall be refused all privileges of trading on this Exchange for such period of time as specified in the Order of the Commodity Futures Trading Commission against such Member.
- F. No Member, or Registered Firm or Corporation, shall accept or execute an order from any Person, Firm or Corporation who or which has been deprived of the privilege of trading in contract markets under subdivision (b) of Sec. 6 of the Commodity Exchange Act as amended.

#### **369.00. DISSEMINATION OF INFORMATION.**

Members, and Registered Firms and Corporations, shall be held to strict account for the reliability and accuracy of the statements and information which they disseminate.

Members, or Registered Firms or Corporations, must word or phrase all circulars, letters, Reports of Cash Sales, or other information so as to convey an accurate impression as to values of commodities in this market, and avoid conveying misinformation or erroneous implications as to such values. Specific values of cash commodities must not be reported in such a way as to create a false impression regarding values generally.

For example, a false impression regarding values generally. For example, sales of cash commodities of certain test weight, or having some particular characteristic or other factor that contributes to value, must not be reported in such a manner as to convey the impression that all commodities of the same kind and test weight, or having the same particular characteristic or factor, are of equal value.

Members and Registered Firms and Corporations, and their employees, must not directly or indirectly, by innuendo or otherwise, participate in the circulation of any rumors adversely affecting any Individual, Firm or Corporation. Only facts capable of substantiation may be reported.

#### **370.00. LIMIT ON OWNERSHIP OF MEMBERSHIPS.**

No Record Owner (i.e., individual, corporation, partnership, association, joint stock company, trust, or unincorporated association) or associate of any Record Owner as defined herein, may own directly, indirectly, or through an affiliate (i.e., a person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with such Record Owner), more than twenty percent (20%) of outstanding Memberships at any one time. The term "associate" used to indicate a relationship with any Record Owner means:

- A. Any corporation or organization (other than the corporation or a majority-owned subsidiary of the corporation) of which such Record Owner is an officer or partner, or is directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of equity securities;
- B. Any trust or other estate in which such Record Owner has a substantial beneficial interest or as to which such Record Owner serves as trustee or in a similar fiduciary capacity; and
- C. Any relative or spouse of such Record Owner, or any relative of such spouse, who has the same residence as such Record Owner, or who is a director or officer of the corporation or any of its parents or subsidiaries.
- D. Any officer or employee of the Exchange, or any firm or corporation in which an officer or employee of the Exchange has a financial interest.

Any Membership acquired in violation of this rule must be sold in the same manner as provided for in these rules in the case of an expelled Member.

#### **371.00. EXCHANGE DEFENSE EXPENSES.**

Any Member or Member Firm who fails to prevail in a lawsuit or any other type of legal proceeding instituted by that Member or Member Firm against the Exchange or any of its officers, directors, committee members, employees or agents must pay to the Exchange all reasonable expenses, including attorney's fees, incurred by the Exchange in the defense of such proceeding.

#### **372.00. DELEGATION.**

A Member, Firm or Corporation which owns a Membership(s) may assign the rights and privileges of Membership to an individual (Delegate) on the following conditions:

- A. The Delegate shall be approved by the Executive Committee or the Board of Directors under the standards of **Rules 300.00.** and **301.00.** The Delegate shall sign a written agreement to observe and be bound by the Charter, Rules and Regulations of the Association and all amendments subsequently made thereto.
- B. The Delegation Agreement and any amendment(s) thereto shall be in writing in such form as the Exchange may prescribe and a copy shall be filed by the Owner of the Membership with the Secretary of the Association as a precondition to its implementation. However, the Delegation Agreement shall automatically be nullified if there is a loss of any of the qualifications for entering a Delegation Agreement, such as sale of the Membership by the Owner or expulsion of the Owner or Delegate. In the event the Owner sells its Membership, the Delegate shall have thirty (30) days from the effective date of Ownership change to enter into another Delegation Agreement and the transfer fee shall be waived.

- C. The Owner shall remain liable for all assessments and dues.
- D. An Owner who has delegated his/her Membership privileges shall not have physical access to the Trading Floor during the period the Membership has been delegated, unless he/she has another Membership, or registers as a visitor.
- E. A Delegate shall not be entitled to register a Membership for a Firm or Corporation unless the Delegate is employed by the Firm or Corporation for which the Delegate wishes to register and the Firm or Corporation is authorized to trade at the Exchange.
- F. No Delegation Agreement shall have a term of less than ninety (90) days.
- G. No Delegate will be eligible to sponsor an individual for Membership.
- H. A Delegate is limited to trading for his/her own account. A Delegate may not act as a broker under [Rule 321.03](#).
- I. The Delegate shall deposit with the Exchange an amount of money to be determined by the Board of Directors. The deposit is to be held for the term of the lease. The deposit shall be refunded at the end of the lease if the Delegate has no outstanding debts due the Exchange or lease payments due the Owner. Claims by the Exchange shall be satisfied first with any surplus to be made available to the Owner to satisfy lease payments. (See [Resolution 372.00](#).)
- J. A Delegate shall pay an access fee each month unless said Delegate trades a minimum number of Minneapolis Grain Exchange Futures and/or Options contracts. The Board of Directors shall determine the access fee to be paid and the minimum number of contracts to be traded. (See [Resolution 372.00](#).)
- K. A temporary access badge may be issued to the Delegate provided the application for Transfer of Membership has been duly filed and has not been acted on by the Board of Directors. The access badge limits the Delegate to admission to the Trading Floor only. This does not allow the Delegate to trade in the pits.
- L. Unless renegotiated, upon expiration or default of a Delegation Agreement, the Membership shall automatically be transferred back into the name of the Owner.
- M. No Delegate or former Delegate shall enter into a Delegation Agreement if there are any unpaid debts due the Exchange or lease payments due the Owner until such debts have been satisfied or reviewed to the satisfaction of the Board of Directors.
- N. No Delegate will be eligible to serve on the Board of Directors or to vote at an Interest group meeting.



**373.00. FUTURES COMMISSION MERCHANTS ("FCM")**

A Futures Commission Merchant (FCM) shall be defined as set forth in CFTC Regulation 1.3p.

See [Regulations 2085.00.](#), [2086.00.](#), [2087.00.](#), [2088.00.](#) and [2089.00.](#)

**374.00. GUARANTEED INTRODUCING BROKERS ("IB")**

In order for an Guaranteed IB to be registered the IB must meet the following requirements:

- A. An Introducing Broker (IB) who is guaranteed by a Futures Commission Merchant (FCM) pursuant to CFTC Regulation 1.10(j) shall be bound by all Rules of the Exchange. Each FCM who guarantees an IB shall be responsible to the Exchange for the acts and/or omissions of such IB. It shall be the duty of each guaranteeing FCM to supervise its guaranteed IB's compliance with such Rules.
- B. A FCM may be guilty of a major offense if it fails to supervise its guaranteed IB's compliance with such Rules.

See [Regulations 2085.00.](#), [2086.00.](#), [2087.00.](#), [2088.00.](#) and [2089.00.](#)