



Web 2009-14

October 14, 2009

Dear Members & Rulebook Recipients:

The following Chapter has been amended:

<b><u>Chapter</u></b>	<b><u>Rules</u></b>	<b><u>Purpose</u></b>
2 Government	264.00., 264.02., 265.00., 265.02.	To add the requirement that one member of disciplinary committees must qualify as a Public Director.

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". The signature is written in a cursive, flowing style.

Layne G. Carlson  
Corporate Secretary

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### **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 occurring during an even year not more than four (4) Directors, who are Members of the Corporation, shall be elected for terms of two (2) years each and at each Annual Election occurring during an odd year not more than three (3) 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 seven (7) 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 seven (7) 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 seven (7) 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 seven (7) Directors in accordance with Article III of the Corporation's **Articles of Incorporation**.

The terms of office of the seven (7) 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.](#))
- Q. amend the Articles of Incorporation as necessary to conform to the Rulebook of the Exchange.

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 quarterly as determined by the Board of Directors. 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 regular or special meetings of the Board of Directors may be given to any Director personally, by telephone, by electronic communication 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 four times per year as determined by the Board of Directors, 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 two (2) Public Directors 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. Three (3) 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 consist of the Chairperson of the Board of Directors, the Chairperson of the Clearing House Committee, and 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 Record Holder 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 is a member of the Arbitration Pool or the Futures Trading Conduct Committee.

- C. One (1) member shall be an individual who qualifies as a Public Director.

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 and must include an individual who meets the qualifications of a Public Director.

#### **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 to sit throughout the consideration of and action upon such matter. If an alternate is substituting for a Member position, the alternate must be a Member of the Corporation who is not a member of the Board of Directors, the Board of Arbitration or the Futures Trading Conduct Committee. If an alternate is substituting for the individual who meets the qualifications of a Public Director, the alternate must also qualify as a Public Director. 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. Four (4) 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 consist of the Chairperson of the Board of Directors and 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 Record Holder 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 is a member of the Arbitration Pool or the Business Conduct Committee.

- C. One (1) member shall be an individual who qualifies as a Public Director.

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 and must include an individual who meets the qualifications of a Public Director.

**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 to sit throughout the consideration of and action upon such matter. If an alternate is substituting for a Member position, the alternate must be a Member of the Corporation who is not a member of the Board of Directors, the Board of Arbitration or the Business Conduct Committee. If an alternate is substituting for the individual who meets the qualifications of a Public Director, the alternate must also qualify as a Public Director. 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.