

**CHAPTER 1  
MEMBERSHIP**

**100. GENERAL**

**101. QUALIFICATIONS AND RESPONSIBILITIES**

**102. NON-MEMBER INVESTORS**

**PROCEDURES FOR PURCHASE, SALE AND TRANSFER**

**103. PURCHASE OF MEMBERSHIP AND MECHANICS OF PURCHASE**

**103.A. Purchase of Membership**

**103.B. Mechanics of Purchase**

**104. SALE OF MEMBERSHIP**

**105. APPLICATION FOR MEMBERSHIP**

**105.A. Application Process for Members Accessing the Trading Floor**

**105.B. Application Process for Members Not Requesting Access to the  
Trading Floor**

**105.C. Application for Floor Broker's or Floor Trader's License**

**106. TRANSFERS, SECURITY TRANSACTIONS, AND AUTHORIZATIONS TO  
TRANSFER OR SELL**

**106.A. Authorization to Sell**

**106.B. Security Transactions**

**106.C. Family Transfers**

**106.D. Futures Industry Transfers**

**106.E. Unconditional Bequests and Bona Fide Gifts of Membership**

**106.F. Clearing Member**

**106.G. Transfer to Wholly-Owned Entities**

**106.H. Trading Member Firm**

**106.I. Affiliate Member Firm**

**106.J. Equity Member Firm**

- 106.K. Transfer to a Trust
- 106.L. [Reserved]
- 106.M. Transfer to Joint Tenants With Right of Survivorship
- 106.N. [Reserved]
- 106.O. [Reserved]
- 106.P. Transfer to a Family Limited Partnership
- 106.Q. [Reserved]
- 106.R. Electronic Corporate Member Firm
- 106.S. Family of Funds Member Firm
- 106.T. Transfer Restrictions on Series B-3 (GIM) Memberships
- 106.U. Transfer to an Acquiring Member Firm or an Affiliated Member Firm
- 107. APPROVAL OF APPLICANT
- 108. [RESERVED]
- 109. REJECTION OF APPLICANT
- 110. CLAIMS AGAINST MEMBERSHIP, APPLICATION OF PROCEEDS
- 111.-119. [RESERVED]

#### **PRIVILEGES AND RESPONSIBILITIES**

- 120. MEMBERSHIP CATEGORIES
- 121. MEMBERSHIP PRIVILEGES
- 122. MEMBERSHIP DUES AND ASSESSMENTS PAYABLE
- 123. COMPLIANCE WITH THE COMMODITY EXCHANGE ACT
- 124. VIOLATIONS OF COMMODITY EXCHANGE ACT
- 125. [RESERVED]
- 126. MEMBERSHIP EDUCATION PROGRAMS
- 127. TRADING AND SOLICITATION PRIVILEGES
- 128. FULL MEMBER CBOE "EXERCISE" PRIVILEGE
- 129. CBOT MINI-SIZED CONTRACT PERMIT HOLDERS' TRADING PRIVILEGES

**130. REQUIRED NOTICES BY MEMBER FIRMS AND SUSPENSION OF MEMBER  
FIRM PRIVILEGES**

**INVOLUNTARY SALE**

**131. EXPULSION FOR FRAUD OR DISHONESTY PRIOR TO ELECTION TO  
MEMBERSHIP**

**132. [RESERVED]**

**133. SALE OF MEMBERSHIP WHEN MEMBER DEFAULTS**

**134.-194. [RESERVED]**

**195. MARKET MAKER PROGRAMS**

# Chapter 1

## Membership

### 100. GENERAL

Class B memberships shall be divided into Series B-1 (Full), Series B-2 (Associate), Series B-3 (GIM), Series B-4 (IDEM) and Series B-5 (COM) memberships, as set forth in Article IV.B.2. of the Exchange's Certificate of Incorporation. Membership in the Exchange is a privilege subject to transfer only as authorized and on the conditions prescribed herein.

### 101. QUALIFICATIONS AND RESPONSIBILITIES

Any adult of good moral character, reputation and business integrity, with adequate financial resources and credit to assume the responsibilities and privileges of membership, is eligible for membership in the Exchange. A determination as to whether an applicant for membership or an applicant for an incentive program offered by the CBOT satisfies the Exchange requirements shall be made by the Membership Committee or by staff in the applicable department. A person approved for membership and an individual or entity approved for an incentive program shall be subject to all Exchange Rules. Notwithstanding a transfer of membership, a person shall continue to be responsible for violations of Exchange Rules committed by him while he was a member and also agrees to have any disputes, which arose while he was a member and which relate to or arise out of any transaction upon the Exchange or membership in the Exchange, resolved in accordance with Exchange Rules.

### 102. NON-MEMBER INVESTORS

A person may purchase a membership interest and be approved as a "Non-Member Investor" in the Exchange. The person shall file an Application to become a Non-Member Investor with the Membership Services Department (the "Department"). A Non-Member Investor is presumed to know all the rules and regulations of the Exchange and agrees to abide by and be subject to them. In the event that multiple individuals own a membership, such individuals shall appoint a designated individual who shall have the authority to sell, lease, pledge or otherwise dispose of or encumber the membership. Further, in the event that a legal entity owns a membership, such entity must provide the Department with appropriate corporate, partnership or other legal documentation indicating who has authority to sell, lease, pledge or otherwise dispose of or encumber the membership and any other documentation requested by the Department.

## PROCEDURES FOR PURCHASE, SALE AND TRANSFER

### 103. PURCHASE OF MEMBERSHIP AND MECHANICS OF PURCHASE

#### 103.A. Purchase of Membership

The prospective purchaser of a membership shall sign and file with the Department a Bid to Purchase which shall be guaranteed by: a) a clearing member of the Exchange; or b) the deposit of a certified or cashier's check; or c) a wire transfer; or d) for swap transactions, the deposit of a Series B-1 (Full), Series B-2 (Associate), Series B-3 (GIM), Series B-4 (IDEM), or Series B-5 (COM) membership and/or a wire transfer or a certified or cashier's check. The Bid to Purchase shall contain an agreement by the purchaser to take no recourse against the Exchange in the event his Application for Membership is rejected (except as provided in Section 8c of the Commodity Exchange Act).

#### 103.B. Mechanics of Purchase

The Department shall post the lowest offer to sell and the highest bid to purchase a membership in each Series. The Department shall match bids and offers and, in the event of an agreement, shall promptly notify the purchaser and the seller. Within two business days of such notification, the purchaser shall deposit with the Department the following:

- a. A check, payable to the Exchange, for a transfer fee in an amount set by the Board; and
- b. (1) A wire transfer, or a certified or cashier's check, if not previously deposited, or a check or a wire transfer from a clearing firm, payable to the Exchange, in the amount of the purchase price or, (2) if the seller has filed a written consent, a Series B-1 (Full), Series B-2 (Associate), Series B-3 (GIM), Series B-4 (IDEM), or Series B-5 (COM) membership if not previously deposited, owned free of any Rule 110 claims or any other liens, representing partial or complete satisfaction of the purchase price, and constituting a partial or complete exchange of membership(s) to that extent. Pursuant to such an exchange of membership(s), the purchaser and seller each must file an

indemnification agreement in favor of the Exchange from a clearing member by which the clearing member agrees to pay all valid Rule 110 claims against the purchaser or the seller, as the case may be, up to the value at the time of the exchange of the membership(s) transferred by such purchaser or seller.

#### **104. SALE OF MEMBERSHIP**

A membership in the Exchange may only be sold as provided for in the Rules. When the owner or the legal representative of an owner desires to sell a membership, he shall sign and file with the Department an Offer to Sell, which shall set forth the price at which he is offering his membership, and contain an agreement to the conditions of sale set forth in these rules.

Upon the sale of a membership, any and all membership privileges granted by these rules shall terminate.

#### **105. APPLICATION FOR MEMBERSHIP**

##### **105.A. Application Process for Members Accessing the Trading Floor**

The applicant shall file an Application for Membership and the appropriate fee with the Department. The applicant shall agree to take no recourse against the Exchange in the event his application is rejected (except as provided in Section 8c of the Commodity Exchange Act), set forth all financial arrangements made in connection with the proposed purchase or transfer of the membership and agree to abide by the applicable rules and regulations of the Exchange and all amendments thereto.

Upon completion of the foregoing, the Department shall notify the membership by posting for a period of 20 days of the name of the applicant, the seller, the purchase price and the transfer type. The notice shall request the submission to the Department of claims against the seller or transferor arising out of Exchange transactions or any other relationship regulated by the Exchange. A Long Form application shall not be considered during the posting period; however, upon request, Exchange staff may waive any part of the period.

During the posting period, the Department shall prepare a report on the qualifications of the applicant.

The Short Form application of a member who is transferring onto a membership may be approved by Exchange staff before the expiration of the posting period, provided the member obtains an indemnification agreement in favor of the Exchange from a clearing member to cover Rule 110 claims up to the value of the membership at the time of the transfer.

An applicant who wishes to procure a membership by purchase, or by transfer, may do so either prior or subsequent to approval for membership pursuant to Rule 107. An applicant who has acquired a membership prior to approval for membership shall become a member upon such approval. An applicant approved for membership prior to acquiring a membership shall become a member if, within thirty calendar days after approval for membership, he procures a membership; otherwise his membership shall be deemed vacated and the Exchange shall retain the membership application processing fee. Extensions of the 30-day period in which the applicant must acquire a membership may be granted by the Department.

##### **105.B. Application Process for Members Not Requesting Access to the Trading Floor**

The applicant shall file an Application for Membership and the appropriate fee with the Department. The applicant shall agree to take no recourse against the Exchange in the event his application is rejected (except as provided in Section 8c of the Commodity Exchange Act), set forth all financial arrangements made in connection with the proposed purchase or transfer of the membership and agree to abide by the applicable rules and regulations of the Exchange and all amendments thereto.

The applicant may receive temporary membership privileges which do not permit trading floor access upon the filing of a complete Application unless the Department has reason to believe that the applicant is not qualified for membership. An applicant that receives temporary membership privileges shall be subject to all of the rules of the Exchange including the rules related to the approval and rejection of an applicant. Such temporary membership privileges will expire upon the earlier of: 1) sixty days after the temporary membership privileges are granted; 2) a rejection of the applicant's membership application by the Membership Committee; or 3) notification that the application for membership has been approved. An applicant who receives temporary non-trading floor membership privileges who is subsequently rejected for membership shall reimburse the Exchange for the difference between trading and clearing fees paid by reason of the temporary membership status and the fees that would have been paid on the same transactions at the rates that would have otherwise prevailed.

The Department shall notify the membership by posting for a period of 20 days of the name of the applicant, the seller or transferor and the purchase price. The notice shall request the submission to the Department of claims against the seller or transferor arising out of Exchange transactions or any other relationship regulated by the Exchange. During the posting period, the Department shall prepare a report on the qualifications of the applicant.

The Application of a member who obtains a membership may be approved by the Department before the expiration of the posting period, provided the member obtains an indemnification agreement in favor of the Exchange from a clearing member to cover Rule 110 claims up to the value of the membership at the time of purchase or transfer.

An applicant who has acquired a membership prior to approval for membership shall become a member upon such approval. An applicant approved for membership prior to acquiring a membership shall become a member if, within thirty calendar days after approval for membership, he procures a membership; otherwise his membership shall be deemed vacated and the Exchange shall retain the membership application processing fee. Extensions of the 30-day period in which the applicant must acquire a membership may be granted by the Department.

**105.C. Application for Floor Broker's or Floor Trader's License**

Each membership applicant seeking a floor broker's or floor trader's license shall apply for registration as a floor broker or a floor trader with the National Futures Association. Individuals not accessing the trading floor are not required to obtain floor broker or floor trader registration.

**106. TRANSFERS, SECURITY TRANSACTIONS, AND AUTHORIZATIONS TO TRANSFER OR SELL**

Transfers of memberships may be made only in accordance with the following provisions. All of the applicable procedures and requirements for the sale and purchase of a membership as set forth in Chapter 1, including the provisions of Rule 110, shall apply to transfers made under this rule. A transfer, reinstatement or revocation of a transfer shall not be completed until all valid Rule 110 claims against a member are satisfied unless a properly completed Indemnification Form is filed by a member's qualifying clearing member.

**106.A. Authorization to Sell**

An Authorization to Sell ("Authorization Agreement") is a grant of authority by a member or applicant for membership that may be used only for the purposes specified in Rule 106.B. Authorization Agreements shall be effective only if executed on the form supplied by the Exchange and filed with the Department. Authorization Agreements shall be irrevocable without the written consent of the grantee.

A member or applicant for membership who executes an Authorization Agreement relinquishes his power to direct the sale of his membership. A grantee shall have all powers of sale that otherwise would have been available to the grantor. The Exchange shall act at the grantee's direction as if the grantee was the member-owner.

Private agreements between the grantor and the grantee shall not be recognized by the Exchange and shall not affect the rights of the Exchange or its members. The grantee shall be entitled, in addition to any other rights he may have under Rule 110, to the residual proceeds after all Rule 110 claims have been satisfied up to the amount of the outstanding debt owed.

**106.B. Security Transactions**

A member, applicant for membership or a Non-Member Investor, may execute an Authorization Agreement, in favor of a clearing member, a financial institution or bank, or in favor of the member that financed the purchase of the membership in order to secure any outstanding debt connected with that financing.

A member, applicant for membership or a Non-Member Investor may execute an Authorization Agreement in favor of a member or clearing member to whom the member is indebted or may become indebted by reason of transactions upon the Exchange in order to secure such current or future debts.

**106.C. Family Transfers**

A member or Non-Member Investor may temporarily transfer his membership to a member of his immediate family who shall be subject to all Exchange rules and regulations. For purposes of this rule, immediate family members shall be limited to parents, siblings, children, grandchildren, grandparents, fathers-in-law, mothers-in-law, sons-in law, daughters-in-law and spouses.

Rule 106.C transfers shall be subject to the following terms and conditions:

1. The transferor may revoke the transfer upon written notice filed with the Department.
2. The transferor shall have the right at any time to have the transferee disqualified from trading by giving notice to the transferee's qualifying clearing member, who in turn must notify the Exchange pursuant to Rule 511.A.
3. The transfer shall be revoked and the membership shall revert to the transferor's estate or conservator upon official notice of the death or formally declared incompetence of the transferor. However, the legal representative of a deceased member's estate may transfer his membership pursuant to this Rule 106.C. during the pendency of probate.
4. Upon a transferor's expulsion from the Exchange, the transfer shall be revoked and the membership shall revert to the transferor who must sell or liquidate the membership within 30 days.
5. Upon approval for membership, the transferee shall be treated as a member for all purposes, except that the transferee shall have no authority to sell, transfer or assign the membership. The transferor shall be considered the member and an assignment of the membership for membership purposes pursuant to Rules 106.H., 106.I., 106.J., 106.R., 106.S. or 902 shall not be terminated by the transferee.
6. The transferor may sell the membership at any time in accordance with the provisions of Rule 104 or transfer the membership pursuant to Rule 106. The proceeds of the sale of the membership will be distributed to the transferor following the settlement of all claims pursuant to Rule 110.
7. The transferred membership may be sold in accordance with Rule 133, and the proceeds may be applied as provided in Rule 110, to satisfy financial obligations of the transferee to the Exchange, to another member or to a clearing member arising out of the transferee's use of the membership in the event that such financial obligations have not been otherwise satisfied.
8. A transfer of a Series B-3 (GIM) membership to a family member under this Rule 106.C. shall not count toward the two consecutive assignments specified in Rule 106.T.

#### **106.D. Futures Industry Transfers**

A member or Non-Member Investor may temporarily transfer his membership to another member who shall be subject to all Exchange rules and regulations.

Transfers under this section shall be subject to the following terms and conditions:

1. The transferor may revoke the transfer upon written notice filed with the Department.
2. The transferor shall have the right at any time to withdraw the authority of the transferee to trade on the membership by giving notice to the transferee's qualifying clearing member and such clearing member must subsequently notify the Exchange pursuant to Rule 511.A.
3. The transfer shall be revoked and the membership shall revert to the transferor's estate or conservator upon official notice of the death or formally declared incompetence of the transferor. However, the legal representative of a deceased member's estate may transfer his membership pursuant to this Rule 106.D. during the pendency of probate.
4. The transferor is eligible to be elected to the Board of Directors as a CBOT Director (as such term is defined in, and subject to the provisions of, the Bylaws of CME Group Inc). A transferor who is a member of the Board may have access to the trading floor in order to meet with other members, but may not trade while on the trading floor.
5. The transferor may sell the membership at any time in accordance with the provisions of Rule 104 or transfer the membership pursuant to Rule 106. The proceeds of the sale of the membership will be distributed to the transferor following the settlement of all claims pursuant to Rule 110.
6. The transferred membership may be sold in accordance with Rule 133, and the proceeds may be applied as provided in Rule 110, to satisfy financial obligations of the transferee to the Exchange, to another member or to a clearing member arising out of the transferee's use of the membership in the event that such financial obligations have not been otherwise satisfied.
7. The transferee must be qualified to trade by a clearing member acceptable to the transferor. The transferor may not assign the membership for membership purposes pursuant to Rules 106.H., 106.I., 106.J., 106.R., 106.S. or 902.

8. A transferee shall place all trades on the books of his qualifying clearing member unless written authorization to the contrary from said clearing member and from the transferor has been filed with the Department. Failure to adhere to the requirements of this Rule and Rule 511 shall exclude a clearing member not qualifying the transferee from receiving proceeds under Rule 110.
9. Upon a transferor's expulsion from the Exchange, the transfer shall be revoked and the membership shall revert to the transferor who must sell or liquidate the membership within 30 days.
- 10.-11. [Reserved]
12. A lessor shall notify the Exchange, in a manner designated by the Exchange, of the terms of a new lease agreement or any renewal of a lease agreement within two (2) business days of the negotiation of the lease agreement, or renewal thereof. A lessor's failure to comply with this Rule 106.D.12 may result in the issuance of a warning letter to the lessor. A lessor may then be subject to an automatic fine of \$500 and \$1000 respectively for a second and third violation of this rule within a rolling 12-month period from the issuance of the warning letter. Repeated violations of this rule may be referred to a disciplinary committee.
13. Unless otherwise previously agreed to by the transferor and the transferee, notice must be provided by the parties of their intention to continue a leasing arrangement at least ten (10) days prior to the expiration of the current lease term. If either party fails to provide such notice, it is assumed that the lease will not be renewed upon its expiration. Terms of the renewal, if any, will be subject to negotiation between the parties.
14.
  - i. In accordance with the Agreement entered into on September 1, 1992 ("the 1992 Agreement") between the Exchange and the Chicago Board Options Exchange ("CBOE"), only an individual who is an "Eligible CBOT Full Member" or an "Eligible CBOT Full Member Delegate", as those terms are defined in the 1992 Agreement, is a "member" of the Exchange within the meaning of paragraph (b) of Article Fifth of CBOE's Certificate of Incorporation ("Article Fifth(b)") and only such individuals are eligible to become and to remain regular members of the CBOE pursuant to Article Fifth(b). No person who is not either an Eligible CBOT Full Member or an Eligible CBOT Full Member Delegate shall knowingly apply to become, or knowingly remain, a regular member of CBOE pursuant to Article Fifth(b).
  - ii. For purposes of the 1992 Agreement, an "Eligible CBOT Full Member Delegate" means the individual to whom a CBOT Full Membership is delegated (leased) and who is in possession of all trading rights and privileges appurtenant to such CBOT Full Membership. "Trading rights and privileges appurtenant to such CBOT Full Membership" means (1) the rights and privileges of a CBOT Full Membership which entitle a holder or delegate to trade as principal and broker for others in all contracts traded on the CBOT, whether by open outcry, by electronic means, or otherwise, during any segment of a trading day when trading is authorized; and (2) every trading right or privilege granted, assigned or issued by CBOT after the effective date of this Agreement to holders of CBOT Full Memberships, as a class, but excluding any right or privilege which is the subject of an option granted, assigned or issued by CBOT to a CBOT Full Member and which is not exercised by such CBOT Full Member.
  - iii. In accordance with the Agreements entered into on August 7, 2001 and December 17, 2003 respectively, between the Exchange and the CBOE and the Letter Agreements entered into on October 7, 2004 and February 11, 2005, among the Exchange, CBOT Holdings and the CBOE, and consistent with, and in furtherance of, the 1992 Agreement, upon completion of the proposed strategic restructuring of the CBOT, an individual delegate of such CBOT Full Membership shall be deemed to be an Eligible CBOT Full Member Delegate only if the individual: (i) is in possession of 27,338 shares of Class A common stock of CBOT Holdings (whether restricted or unrestricted and without regard to any series thereof, such number being subject to anti-dilution adjustment in the event the Class A common stock is subject to a stock split, reverse split, stock dividend or other stock distribution made to existing shareholders); (ii) is in possession of one Series B-1 membership in the CBOT subsidiary; (iii) holds one of the items listed above in (i) or (ii) through delegation rather than ownership; (iv) is in possession of all of the other rights and privileges appurtenant to a CBOT Full Membership; (v) meets the applicable membership and eligibility requirements of the CBOT and is deemed to be a "CBOT Full Member Delegate" under the Rules and Regulations of the Exchange then in effect; and (vi) if a CBOT Full Membership is one in respect of which the CBOT has issued the Exercise Right Privilege, an individual delegate of such CBOT Full Membership shall be deemed to be an Eligible CBOT Full Member Delegate only if the individual is also in possession of one Exercise Right Privilege. The delegate of a CBOT Full Membership in respect of which an

Exercise Right Privilege has not been issued shall qualify as an Eligible CBOT Full Member Delegate if the requirements of the 1992 Agreement are satisfied, without having to possess an Exercise Right Privilege.

Exercise Right Privileges may be separately bought, sold, leased, or otherwise transferred and may be unbundled and rebundled with the lease of CBOT Full Memberships in respect of which an Exercise Right Privilege has been issued, for purposes of qualifying the delegate thereof as an Eligible CBOT Full Member Delegate. For purpose hereof, the words "possess" and "in possession of" shall be deemed to include possession by ownership or lease, or as a nominee.

- iv. In connection with the delegation (lease) of a CBOT Full Membership, or upon completion of the proposed restructuring of the CBOT the Series B-1 membership in the CBOT subsidiary, in which the associated Exercise Right Privilege has been previously issued by the Exchange and sold or transferred to a third party, the delegation agreement contemplated in paragraph (b) above shall provide, among other things, that the delegate acknowledges that the CBOT Full Membership or the Series B-1 membership in the CBOT subsidiary, as applicable, being delegated (leased) does not have associated with it an Exercise Right Privilege and therefore such delegate may not become a regular member of CBOE pursuant to Article Fifth(b) without otherwise possessing the Exercise Right Privilege.
15. No Series B-1(Full) member or Series B-2 (Associate) member may delegate (within the meaning of this Rule 106.D.) to any other person the voting rights associated with his membership; provided, however, that nothing herein shall prohibit a member from naming as his proxy a person or persons designated as such by the Exchange in connection with any annual or special meeting of the membership.

**106.E. Unconditional Bequests and Bona Fide Gifts of Membership**

A member or Non-Member Investor may make a bona fide gift or bequest of membership. The bona fide gift may be made only to immediate family members as defined in Rule 106.C. Unless otherwise required by law, a letter affirming the gift or Letters of Office from the Probate Court and a letter from the decedent's personal representative allowing the transfer will be required as a precondition of transfer.

**106.F. Clearing Member**

A membership may be owned by a clearing member, or a person or an entity having an acceptable proprietary interest in the clearing member. The membership may be transferred provided that: (1) the transfer is approved by Exchange staff; and (2) the transferee is approved pursuant to the rules of the Exchange.

**106.G. Transfer to Wholly-Owned Entities**

A membership may be transferred to an entity which is wholly-owned by the member or his immediate family members as that term is used in Rule 106.C. Transfers pursuant to this authorization shall be limited to transfers pursuant to Rules 106.C., D. or E.

A Rule 106.G. transferee may assign the membership for membership purposes in accordance with Rules 106.H., 106.I., 106.J., 106.R., 106.S. and 902 except in circumstances where the transfer has been made pursuant to Rule 106.D.

**106.H. Trading Member Firm**

A firm may qualify as a trading member firm if the membership required by the Exchange is owned by the trading member firm; by an affiliate member firm as defined in Rule 106.I.; by a principal or employee of the trading member firm; or by a person, including a parent company, with an acceptable proprietary interest in the trading member firm. The membership may be held in the name of the trading member firm; an affiliate member firm as defined in Rule 106.I.; or a principal or employee of, or a person with an acceptable proprietary interest in, the trading member firm. The owner of the membership may transfer the membership among such persons provided that: (1) the transfer is approved by Exchange staff; (2) the transferee is approved pursuant to the rules of the Exchange; and (3) the transfer is for the legitimate business purposes of the firm. The firm shall have the right, at any time, to withdraw the authority of the transferee to trade on the membership, but must withdraw such authority upon termination of his employment or other association with the firm. Notice of the withdrawal of the authority of the transferee to trade on the membership must be given to his qualifying clearing member who in turn must notify the Exchange pursuant to Rule 511.A. The trading member firm shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the

Exchange with respect to the membership transferred under this Section.

A Rule 106.H. trading member firm may not be a fund, fund management company, pool or other collective investment vehicle.

The proceeds of the sale of a membership which has been assigned in order to qualify a Rule 106.H. firm shall be subject to Rule 110 claims against both the owner of the membership and the Rule 106.H. firm.

A Rule 106.H. membership may not be transferred pursuant to any other provision of Rule 106. The membership may not be assigned for membership purposes under Rules 106.I., 106.J., 106.R., 106.S or 902.

Rule 106.H. trading member firm benefits apply only to the trading member firm's member firm trading and not to the trading of any affiliates, subsidiaries or customers. All such positions of the trading member firm must be carried by a clearing member(s) in accounts separate from positions of affiliates, subsidiaries, customers and other entities.

Any holder or transferee of a Rule 106.H. membership may not solicit or contact customers from the floor of the Exchange, unless the trading member firm is an Introducing Broker or Futures Commission Merchant as those terms are defined in Section 1a of the Commodity Exchange Act and/or 17 C.F.R.

A Rule 106.H. trading member firm may not hold itself out to the public as a clearing member.

Exchange staff may grant exemptions from the requirements of this Rule.

#### **106.I. Affiliate Member Firm**

An "affiliate" shall be defined to include a firm that either: owns, directly or indirectly, 100% of a clearing member with shares, Rule 106.J. equity member firm or Rule 106.H. trading member firm or has 100% ownership, direct or indirect, in common with a firm that owns, directly or indirectly, 100% of a clearing member with shares, Rule 106.J. equity member firm or Rule 106.H. trading member firm. Clearing Members with shares are those clearing members that maintain CME Group Class A shares in accordance with CBOT Rule 106.J. Equity Member Firm requirements in order to receive equity member rates.

A firm may qualify as a:

- Rule 106.I. affiliate equity member firm if a Series B-1 (Full) membership and 6,000 CME Group Class A Shares or a Series B-2 (Associate) membership and 1,750 CME Group Class A Shares are assigned for the firm's membership privileges; or
- Rule 106.I. affiliate trading member firm if the membership required by the Exchange is assigned for the firm's membership privileges or leased by the Rule 106.I. affiliate trading member firm; or
- Rule 106.I. qualified affiliate of a CBOT clearing member with shares or Rule 106.J. equity member which also qualifies for the CBOT membership umbrella.

A CBOT clearing member with shares or Rule 106.J. equity member firm may qualify for the CBOT membership umbrella if it has assigned to it four Series B-1 (Full) memberships, two Series B-2 (Associate) memberships and 6,000 CME Group shares or five Series B-1 (Full) memberships and 6,000 CME Group shares (Agricultural only). A CBOT clearing member with shares or Rule 106.J. equity member firm which qualifies for the CBOT membership umbrella may qualify an unlimited number of affiliates but the qualified affiliates must be registered with the Exchange. The memberships and CME Group shares required to qualify for the CBOT membership umbrella include the memberships and shares required for the CBOT clearing member with shares or Rule 106.J. equity member firms' privileges, including any independent assignments.

Rule 106.I. affiliate equity member firms that held equity member firm status as of July 12, 2007 with a Series B-1 (Full) membership have a grandfathered share requirement of 4,725 CME Group Class A Shares.

The memberships and/or CME Group Class A Shares required by the Exchange must be owned by the clearing member with shares, Rule 106.J. equity member firm, Rule 106.H. trading member firm,

affiliate member firm, by one or more affiliates, or by principals or employees of the member firm or one or more affiliates, except for Rule 106.I. affiliate trading member firms where the qualifying membership may be leased by the affiliate trading member firm.

A qualifying membership may be held in the name of the clearing member with shares, Rule 106.J. equity member firm, Rule 106.H. trading member firm, affiliate member firm, by one or more affiliates or a principal or employee of the clearing member with shares, Rule 106.J. equity member firm, Rule 106.H. trading member firm or affiliate member firm. The firm may transfer the membership among such persons provided that: (1) the transfer is approved by Exchange staff; (2) the transferee is approved for membership pursuant to the rules of the Exchange; and (3) the transfer is for the legitimate business purposes of the firm. The firm shall have the right, at any time, to withdraw the authority of the transferee to trade on a membership but must withdraw such authority upon termination of his employment or other association with the clearing member with shares, Rule 106.J. equity member firm, Rule 106.H. trading member firm or affiliate member firm. Notice of the withdrawal of the authority of the transferee to trade on a membership must be given to his qualifying clearing member, and such clearing member must subsequently notify the Exchange pursuant to Rule 511.A. The clearing member with shares, Rule 106.J. equity member firm, Rule 106.H. trading member firm or affiliate member firm shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to any membership held under this Section.

The proceeds of the sale of a membership which has been assigned in order to qualify a Rule 106.I. affiliate member firm shall be subject to Rule 110 claims against both the owner of the membership and the Rule 106.I. affiliate member firm.

A Rule 106.I. membership may not be transferred pursuant to any other provision of Rule 106. The membership may not be assigned for membership purposes under Rules 106.H., 106.J., 106.R., 106.S. or 902.

Rule 106.I. affiliate member firm benefits apply to the firm trading activity of a Rule 106.I. affiliate equity member firm; a Rule 106.I. affiliate trading member firm or Rule 106.I. qualified affiliates of a CBOT clearing member with shares or Rule 106.J. equity member which qualifies for the CBOT membership umbrella which are registered with the Exchange. All such positions of affiliates must be carried by a clearing member(s) in accounts separate from positions of subsidiaries, customers and other entities.

A Rule 106.I. affiliate member firm may not hold itself out to the public as a clearing member.

Exchange staff may grant exemptions from the requirements of this Rule.

#### **106.J. Equity Member Firm**

A firm may qualify as an equity member firm if a Series B-1 (Full) membership and 6,000 CME Group Class A Shares or a Series B-2 (Associate) membership and 1,750 CME Group Class A Shares are assigned for the firm's membership privileges. The membership and 50% of the CME Group Class A Shares must be owned by the equity member firm, by an affiliate as defined in Rule 106.I. which is a member firm, by one or more principals or employees of the equity member firm, or by persons, including a parent company, with an acceptable proprietary interest in the equity member firm. One-half of the CME Group Class A Shares required for membership may be independently assigned.

Equity member firms that are not FCMs and held equity member firm status as of July 12, 2007 with a Series B-1 (Full) membership have a grandfathered share requirement of 4,725 CME Group Class A Shares.

Equity member firms that qualified as "equity closely-held corporate" member firms prior to June 30, 2010 are grandfathered as Rule 106.J. equity closely-held corporate member firms.

A CBOT Rule 106.J. equity member firm with a share requirement of 6,000 shares (including a CBOT Rule 106.J. equity member firm with a grandfathered share requirement of 4,725) shall at all times have assigned to it at least 9,000 CME Group Class A Shares if it is also either: (a) a CME clearing member or CME Rule 106.J. equity member firm or (b) a NYMEX clearing member or NYMEX Rule 106.J. member firm. If the CBOT Rule 106.J. equity member firm has a 1,750 share requirement, the combined share requirement will be 7,750.

A CBOT Rule 106.J. equity member firm with a share requirement of 6,000 shares (including a CBOT Rule 106.J. equity member firm with a grandfathered share requirement of 4,725) shall at all times have

assigned to it at least 12,000 CME Group Class A Shares if it is also both: (a) a CME clearing member or CME Rule 106.J. equity member firm and (b) a NYMEX clearing member or NYMEX Rule 106.J. member firm. If the CBOT equity member firm has a 1,750 share requirement, the combined share requirement will be 10,750.

The membership may be held in the name of the equity member firm; an affiliate as defined in Rule 106.I. which is a member firm; or a principal or employee of the equity member firm, or a person with an acceptable proprietary interest in the equity member firm. The owner of the membership may transfer the membership among such persons provided that: (1) the transfer is approved by Exchange staff; (2) the transferee is approved pursuant to the rules of the Exchange; and (3) the transfer is for the legitimate business purposes of the firm. The equity member firm shall have the right, at any time, to withdraw the authority of the transferee to trade on the membership, but must withdraw such authority upon termination of his employment or other association with the firm. Notice of the withdrawal of the authority of the transferee to trade on the membership must be given to his qualifying clearing member who in turn must notify the Exchange pursuant to Rule 511.A. The equity member firm shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to the membership transferred under this Section.

A Rule 106.J. equity member firm may not be a fund, fund management company, pool or other collective investment vehicle.

The proceeds of the sale of a membership which has been assigned in order to qualify a Rule 106.J. firm shall be subject to Rule 110 claims against both the owner of the membership and the Rule 106.J. firm.

A Rule 106.J. membership may not be transferred pursuant any other provision of Rule 106. The membership may not be assigned for membership purposes under Rules 106.H., 106.I., 106.R., 106.S. or 902.

Rule 106.J. equity member firm benefits apply only to the firm's member firm trading and not to the trading of any affiliates, subsidiaries or customers. All such positions of the equity member firm must be carried by a clearing member(s) in accounts separate from positions of affiliates, subsidiaries, customers and other entities.

Any holder or transferee of a Rule 106.J. membership may not solicit or contact customers from the floor of the Exchange, unless the equity member firm is an Introducing Broker or Futures Commission Merchant as those terms are defined in Section 1a of the Commodity Exchange Act and/or 17 C.F.R. 1.3.

A Rule 106.J. equity member firm may not hold itself out to the public as a clearing member.

Exchange staff may grant exemptions from the requirements of this Rule.

#### **106.K. Transfer to a Trust**

A member may transfer his membership to a trust for which the member is the grantor. The document(s) establishing the trust shall at all times include the restrictions as to permissible beneficiaries and state that (1) the trust takes the membership subject to all of the rules of the Exchange, as may be amended, (2) the interests in the membership that inure to the beneficiaries of the trust shall be subject to all of the rules of the Exchange, as may be amended, (3) the Exchange's rights with respect to the membership are superior to those of the beneficiaries, and (4) the Exchange shall have no liability to the beneficiaries of the trust in the event of the mishandling of the trust assets by the trustee. Permissible beneficiaries are immediate family members as set forth in Rule 106.C. The grantor (or the grantor's personal representative) and the trustee (and any successor) shall each provide in the form provided by the Exchange an acknowledgment that the trust takes the membership subject to all of the rules of the Exchange and that the trust is in compliance with the requirements of this Rule. The grantor shall comply with any request to produce trust information made by Exchange staff.

The transfer of a Series B-3 (GIM) membership to a trust wherein the member/grantor is the trustee shall not count toward the two consecutive assignments specified in Rule 106.T.

If such a transfer is made by a bona fide gift or bequest, it shall also be subject to the requirements of Rule 106.E.

The grantor's liability to the Exchange under Rule 439 shall continue with respect to any claim arising out of an act or omission occurring prior to such transfer, and the membership will continue to be treated as the asset of the grantor for the purposes of Rule 439 and for otherwise meeting any obligations to the Exchange arising out of the grantor's use of the membership prior to the transfer to the trust, including fines imposed with respect to conduct occurring prior to the transfer.

A membership held pursuant to a transfer under this section may be assigned for membership privileges under Rules 106.H., 106.I., 106.J., 106.R., 106.S. and 902 or reinstated to the transferor pursuant to this section.

The transfer shall be revoked and the membership shall revert to the transferor upon official notice to the Exchange that the trust has been revoked. The membership must be transferred out of the trust within 90 days of the closing of the member's estate.

**106.L. [Reserved]**

**106.M. Transfer to Joint Tenants With Right of Survivorship**

A member may transfer his membership to himself and a member of his immediate family, as defined in Rule 106.C., as joint tenants with right of survivorship.

The joint tenants shall designate on a form provided by the Exchange which one of them shall be authorized to deal with the Exchange with respect to the membership transferred under this Section. The designee must qualify for membership by satisfying the requirements of Chapter 1 of these rules, and shall be treated as a member for all purposes. In the designation form, the joint tenants shall acknowledge that the designee shall have the exclusive right to transfer the membership or to execute an Authorization to Sell pursuant to Rule 106.A. and that the Exchange shall have no liability to the non-designee in the event of such transfer or execution or the mishandling of the membership by the designee. The joint tenants may at any time change such designation in writing signed by both of them, and each such change shall be deemed a transfer for the purposes of these rules. Upon such change in designation, the new designee must qualify for membership by satisfying the requirements of Chapter 1 of these rules.

Whether or not the transferor is the designee, the transferor's liability to the Exchange under Rule 439 shall continue with respect to any claim arising out of an act or omission occurring prior to a transfer under this rule, and the membership will continue to be treated as an asset of the transferor for the purposes of Rule 439 and for otherwise meeting any obligations to the Exchange arising out of the transferor's use of the membership prior to such transfer, including fines imposed with respect to conduct occurring prior to the transfer.

Upon receipt of satisfactory proof of the death of a joint tenant, the Exchange will transfer the membership to the survivor.

Upon receipt by the Exchange of written notice signed by both joint tenants terminating joint ownership of the membership transferred under this section and instructing the Exchange to transfer the membership to one of the joint tenants as sole owner, the Exchange shall transfer such membership pursuant to such instructions.

A membership held pursuant to a transfer under this section may not be assigned for membership privileges under Rules 106.H., 106.I., 106.J., 106.R., 106.S. or 902.

**106.N.-O. [Reserved]**

**106.P. Transfer to a Family Limited Partnership**

A member may transfer his membership to a Family Limited Partnership ("FLP") with respect to which all partners are members of the member's family who would be eligible for a family transfer from the member pursuant to Rule 106.C. The limited partnership agreement or other document(s) governing the FLP shall at all times prohibit transfers of an interest in the FLP to any person who is not eligible pursuant to Rule 106.C. and shall state that (1) the FLP's interest in the membership shall at all times be subject to all of the rules of the Exchange, as may be amended, including, but not limited to, Rule 110 and, if the membership is assigned to a member firm for membership purposes, Rules 106.H., 106.I., 106.J., 106.R., 106.S. and 902; (2) management of the FLP shall be vested exclusively in a managing general partner, who must qualify for membership by satisfying the requirements of Chapter 1 of these rules; and (3) the Exchange shall have no liability to the partners for any loss, damage, or expense resulting from any acts or omissions by the managing general partner or any person acting by or through the authority of a general partner. The transferor and the managing general partner (and any successor) shall each provide in the form provided by the Exchange a certification that the FLP acquires

the membership subject to all of the rules of the Exchange and that the FLP is in compliance with the requirements of this Rule. The FLP also may transfer the membership back to the transferor.

If the transfer of a membership to the FLP is made by a bona fide gift or bequest, it shall also be subject to the requirements of Rule 106.E.

Transfer of a membership pursuant to this rule shall not relieve the transferor of any liability to the Exchange under Rule 439 with respect to any claim arising out of an act or omission occurring prior to such transfer, and the membership will continue to be treated as the asset of the transferor for the purposes of Rule 439 and for otherwise meeting any obligations to the Exchange arising out of the transferor's use of the membership prior to the transfer to the FLP, including fines imposed with respect to conduct occurring prior to the transfer.

A membership held pursuant to a transfer under this section may be assigned for membership purposes under Rules 106.H., 106.I., 106.J., 106.R., 106.S. and 902.

**106.Q. [Reserved]**

**106.R. Electronic Corporate Member Firm**

A firm may qualify as an electronic corporate member firm if a Series B-1 (Full) membership or Series B-2 (Associate) membership is leased by the electronic corporate member firm, by a principal or employee of the electronic corporate member firm, or by a person, including a parent company, with an acceptable proprietary interest in the electronic corporate member firm and assigned for the electronic corporate member's membership privileges.

The membership may be held in the name of the firm or transferred to a principal or employee of, or a person with an acceptable proprietary interest in, the electronic corporate member firm. The electronic corporate member firm may transfer a membership leased by the firm among such persons provided that: (1) the transfer is approved by Exchange staff; (2) the transferee is approved pursuant to the rules of the Exchange; and (3) the transfer is for the legitimate business purposes of the firm. The electronic corporate member firm shall have the right, at any time, to withdraw the authority of the transferee to trade on a membership leased by the firm, but must withdraw such authority upon termination of his employment or other association with the firm. The electronic corporate member firm shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to the membership transferred under this Section.

A Rule 106.R. electronic corporate member firm may not be a fund, fund management company, pool or other collective investment vehicle.

The proceeds of the sale of a membership which has been leased to the electronic corporate member firm, a principal or employee of, or a person with an acceptable proprietary interest in, the Rule 106.R. electronic corporate member firm shall be subject to Rule 110 claims against the owner of the membership, the lessee and the Rule 106.R. electronic corporate member firm.

A Rule 106.R. membership may not be transferred pursuant to any other provision of Rule 106. The membership may not be assigned for membership purposes under Rules 106.H., 106.I., 106.J., 106.S. or 902.

Rule 106.R. benefits apply only to an electronic corporate member firm's member firm trading and not to the trading of any affiliates, subsidiaries or customers.

All such positions of the electronic corporate member firm must be carried by a clearing member(s) in accounts separate from positions of affiliates, subsidiaries, customers and other entities.

A Rule 106.R. membership does not confer upon a holder or transferee of such membership the ability to access the trading floor.

A Rule 106.R. electronic corporate member firm may not hold itself out to the public as a clearing member.

Exchange staff may grant exemptions from the requirements of this Rule.

**106.S. Family of Funds Member Firm**

A fund management company or a pool or hedge fund may qualify as a:

- Rule 106.S. family of funds equity member firm if it has four Series B-1 (Full) memberships, two Series B-2 (Associate) memberships and 6,000 CME Group Class A Shares assigned for the firm's membership privileges; or
- Rule 106.S. family of funds trading member firm if it has two Series B-1 (Full) memberships and one Series B-2 (Associate) membership assigned for the firm's membership privileges.

A Rule 106.S. family of funds equity member firm may qualify up to five additional funds within the family of funds managed by the same fund management company. A Rule 106.S. family of funds trading member firm may qualify up to two additional funds within the family of funds managed by the same fund management company. Each additional Series B-1 (Full) membership or Series B-2 (Associate) membership will qualify an additional fund within the family of funds. Managed accounts are not eligible for Rule 106.S. family of funds member firm benefits.

A CBOT Rule 106.S. family of funds equity member firm shall at all times have assigned to it at least 9,000 CME Group Class A Shares if it is also either: (a) a CME clearing member or CME Rule 106.J. equity member firm or (b) a NYMEX clearing member or NYMEX Rule 106.J. member firm.

A CBOT Rule 106.S. family of funds equity member firm shall at all times have assigned to it at least 12,000 CME Group Class A Shares if it is also both: (a) a CME clearing member or CME Rule 106.J. equity member firm and (b) a NYMEX clearing member or NYMEX Rule 106.J. member firm.

For Rule 106.S. family of funds equity member firms, at least two Series B-1 (Full) memberships and one Series B-2 (Associate) membership and 50% of the CME Group Class A Shares must be owned by the family of funds member firm, the fund management company, by one or more qualified funds; or a person, including parent company, with an acceptable proprietary interest in family of funds equity member firm. Two Series B-1 (Full) memberships and one Series B-2 (Associate) membership and 50% of the CME Group Class A Shares may be independently assigned.

For Rule 106.S. family of funds trading member firms, at least one Series B-1 (Full) membership and one Series B-2 (Associate) membership must be owned by the family of funds member firm; the fund management company, by one or more qualified funds or a person, including parent company, with an acceptable proprietary interest in family of funds trading member firm. One Series B-1 (Full) membership may be independently assigned.

If the fund management company is the member firm, it may designate a pool or hedge fund within its family of funds to receive its membership benefits.

A qualifying membership may be held in the name of the family of funds member firm, the fund management company, a qualified fund, or a person, including parent company, with an acceptable proprietary interest in the family of funds member firm. The owner of a membership may transfer the membership among such persons provided that: (i) the transfer is approved by Exchange staff; (ii) the transferee is approved pursuant to the rules of the Exchange; and (iii) the transfer is for the legitimate business purposes of the family of funds member firm or qualified fund. The family of funds member firm or qualified fund shall have the right, at any time, to withdraw the authority of the transferee to trade on a membership owned by the family of funds member firm or qualified fund, but must withdraw such authority upon termination of his employment or other association with the family of funds member firm or qualified fund. Notice of the withdrawal of the authority of the transferee to trade on a membership owned by the family of funds member firm or qualified fund must be given to his qualifying clearing member who in turn must notify the Exchange pursuant to Rule 511.A. The family of funds member firm or qualified fund shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to any membership transferred under this Section.

The proceeds of the sale of a membership which has been assigned in order to qualify a Rule 106.S. family of funds member firm shall be subject to Rule 110 claims against both the owner of the membership and the Rule 106.S. family of funds member firm.

A Rule 106.S. membership may not be transferred pursuant to any other provision of Rule 106. The membership may not be assigned for membership purposes under Rules 106.H., 106.I., 106.J., 106.R. or 902.

All positions of each pool or hedge fund of a family of funds member firm must be carried by a clearing member(s) in accounts separate from positions of affiliates, subsidiaries, customers and other funds within the family of funds.

A Rule 106.S. family of funds member firm may not hold itself out to the public as a clearing member.

Exchange staff may grant exemptions from the requirements of this Rule.

#### **106.T. Transfer Restrictions on Series B-3 (GIM) Memberships**

Each Series B-3 (GIM) membership shall be subject to the restrictions, conditions and limitations set forth below.

1. **Non-Transferred Series B-3 (GIM) Memberships.** Except as otherwise provided below, a holder of a Series B-3 (GIM) membership as of April 22, 2005 ("Non-Transferred Series B-3 (GIM) memberships") may continue as a Series B-3 (GIM) membership holder with all the privileges and obligations such membership entails. However, in the event that any Non-Transferred Series B-3 (GIM) membership is sold or transferred on or after April 22, 2005, such Non-Transferred Series B-3 (GIM) membership shall be treated as a Transferred Series B-3 (GIM) membership (as defined in section 2. below). This limitation shall not apply when (i) the transferor is the estate of a deceased Non-Transferred Series B-3 (GIM) membership holder and the transferee is the decedent's spouse, or if there is no spouse, the decedent's child, and (ii) the Non-Transferred Series B-3 (GIM) membership has not already been transferred pursuant to this sentence. Furthermore, a member firm may assign any Series B-3 (GIM) membership that it owns to two consecutive holders following the holder who was assigned such membership as of January 21, 1986, and still retain the status of such membership as a Non-Transferred Series B-3 (GIM) membership.
2. **Transferred Series B-3 (GIM) Memberships.** Non-Transferred Series B-3 (GIM) memberships that have been sold or transferred on or after April 22, 2005, in a manner other than as permitted in section 1. above (collectively, "Transferred Series B-3 (GIM) memberships") shall not be permitted to exercise the trading rights and privileges associated with the Series B-3 (GIM) memberships.

None of the foregoing shall preclude the holders of Transferred Series B-3 (GIM) memberships or Non-Transferred Series B-3 (GIM) memberships from exercising their right to convert two Series B-3 (GIM) memberships into one Series B-2 (Associate) membership in accordance with the terms of Article IV. D.3 of the Exchange's Certificate of Incorporation.

#### **106.U. Transfer to an Acquiring Member Firm or an Affiliated Member Firm**

1. In the event that a member firm that owns a membership is acquired by another member firm through the purchase of 100% of the acquired firm's assets, the acquiring member firm may transfer the membership to one of its own principals or employees, pursuant to the procedures and conditions established by the Exchange.
2. A member firm that owns a membership may transfer the membership to a principal or employee of another member firm which is its wholly-owned subsidiary, a parent entity which owns 100% of the member firm, or a sister entity that is 100% owned by its parent entity, pursuant to the procedures and conditions established by the Exchange.
3. Each transfer described in sections 1 and 2, above, with respect to a Series B-3 (GIM) membership, shall count toward the two consecutive assignments specified in Rule 106.T.

### **107. APPROVAL OF APPLICANT**

Department staff shall review and approve applicants for membership on the Exchange. Such approval shall be based upon admission criteria established by the Membership Committee. The Membership Committee shall review applicants for membership not meeting the staff-administered admission criteria.

Department staff shall inquire into and be satisfied with respect to the reputation and financial responsibility of the applicant and the details of the financial arrangements made in connection with the purchase or transfer of the membership. After review of all of the information, a decision shall be made as to whether the applicant is qualified for membership.

An applicant not approved for membership by Department staff shall be referred to a panel of the Membership Committee. A panel of the Membership Committee shall consist of two members and a chairman, who shall have a vote. A unanimous vote of the panel is required for approval of the applicant.

An applicant approved for membership either by Department staff or the Membership Committee, as applicable, shall assume the responsibilities and privileges of membership once a membership is

obtained.

**108. [RESERVED]**

**109. REJECTION OF APPLICANT**

If an applicant is rejected by the Membership Committee panel, the applicant may appeal the decision to the full Membership Committee. The Membership Committee shall decide, by majority vote, whether the applicant is qualified for membership. The decision of the Membership Committee shall be final. An applicant rejected by the Membership Committee may be reconsidered for membership if new or additional information is subsequently brought to the attention of the Membership Committee. If an applicant is rejected for membership or if for any reason his application is withdrawn, the Exchange shall retain the processing fee and the applicant shall assume all risk of gain or loss from the resale of any membership purchased by him prior thereto.

If the applicant executed and filed an Authorization to Sell pursuant to Rule 106.A. with the Department in connection with the financing of the purchase of a membership, then the proceeds of any sale of such membership shall be paid to the grantee, up to the amount of the debt, including interest.

**110. CLAIMS AGAINST MEMBERSHIP, APPLICATION OF PROCEEDS**

For the purposes of this rule: "sale" shall include a sale made pursuant to Rule 104 or a transfer made in accordance with the provisions of Rule 106; "seller" shall include firms that have membership privileges pursuant to Rules 106. F., G., H., I., J., R. or S.; and "claim" shall be limited to claims involving incidents that occurred prior to the sale of the membership and which arose in connection with transactions on the Exchange or membership in the Exchange. Claims resulting from conduct subsequent to the sale of a membership may not be asserted against that membership or its proceeds. All claims against the seller's membership or its proceeds shall be submitted in writing to the Department within 20 days of the posting of notice of the sale of said membership. At the conclusion of the 20-day claim filing period, the Market Regulation Department and the Department shall conduct an investigation of all claims properly filed against the seller's membership or its proceeds. This investigation shall be completed within 20 days unless the investigation cannot be resolved within that period.

The total proceeds of the sale, or in the case of a transfer, the value at the mid-point of the bid-offer spread as of the date of the transfer, of the membership shall be applied to the following purposes and in the following order of priority:

- a. Payment of all debts owed to the Clearing House, if the membership transferred was assigned to the Clearing House pursuant to Rule 902. With respect to any other membership, the Exchange shall have the first priority for the payment of all dues, fines, contributions, charges and other indebtedness due to the Exchange, and the Clearing House shall have the second priority with respect to such debts;
- b. Payment of any indebtedness to the clearing member who last qualified the selling member prior to the sale arising out of (i) a pledge of such membership as collateral security on such indebtedness, or (ii) a deficit which the Exchange staff determines to have arisen directly out of transactions on the Exchange;
- c. Payment of amounts due to other clearing members on claims filed which the Exchange staff determines to have arisen directly out of transactions on the Exchange;
- d. Payment of amounts due to members and member firms on claims filed which the Exchange staff determines to have arisen directly out of transactions on the Exchange;
- e. Payment of amounts due to public customers of the seller based on claims filed by such customers or based on reports of the Market Regulation Department, which claims are determined by the Exchange staff to be based upon misappropriation of customer funds, improperly executed transactions, unpaid credit balances, or other similar matters, directly related to transactions on the Exchange;

No other claims against the proceeds of the sale of a membership shall be recognized and administered by the Exchange, but the creditors of the seller of a membership not falling in the foregoing categories may pursue other legal means of securing payment of their obligations.

The Exchange staff shall make a final determination of all claims filed in time or reported by the Market Regulation Department and the Department against the proceeds of the sale of a membership.

Except as provided in Rule 913, the Exchange staff shall make a distribution of such proceeds within 40 days after receiving notification and confirmation of the sale of the membership, unless claims to the proceeds are not resolved within that period. If, however, at such time an Exchange disciplinary proceeding is pending against the seller or, based upon a pending investigation, is highly probable, or if a legal proceeding, in respect to which the indemnification provisions of Rule 439 would operate, is pending, has been announced or is highly probable, then the Exchange staff shall retain so much of the proceeds as determined by staff in order to satisfy such obligations until such time as the pending matter is concluded.

Distribution of proceeds shall be made by the payment of claims in the categories listed in this rule to the extent the proceeds from the sale are sufficient to meet those obligations. If the proceeds of the sale of a membership are insufficient to pay all amounts determined to be due under the categories listed in this rule, the proceeds shall be applied to pay the full amounts determined to be due under subparagraphs a, b, c, d and e in the priority named. If the proceeds are insufficient to pay the amounts determined to be due under any priority, the claims due under that priority shall be paid pro rata, and the remaining priorities shall be left unpaid. In determining the amount of any claim, the Exchange staff shall first deduct the fair cash value of any collateral held by that claimant. Creditors of the seller of a membership whose obligations are not fully satisfied pursuant to this paragraph may pursue other legal means of securing payment of their obligations.

The surplus, if any, shall be paid to the person whose membership was sold or his legal representative or a 106.A.-B. grantee, as applicable, upon the execution of a satisfactory release. The Exchange staff's determination and allowance of claims hereunder shall be final. The death, incompetence, expulsion, suspension, insolvency or bankruptcy of a member shall not affect the rights of claimants under this rule.

**111.- 119. [RESERVED]**

**PRIVILEGES AND RESPONSIBILITIES**

**120. MEMBERSHIP CATEGORIES**

There are five categories of membership: Series B-1 (Full), Series B-2 (Associate), Series B-3 (GIM), Series B-4 (IDEM), and Series B-5 (COM). Series B-1 (Full) membership privileges extend to all CBOT products; Series B-2 (Associate) membership privileges are limited to products assigned to the Government Instruments Market, the Index Debt and Energy Market, and the Commodity Options Market by the Board; Series B-3 (GIM) membership privileges are limited to products assigned to the Government Instruments Market by the Board; Series B-4 (IDEM) membership privileges are limited to products assigned to the Index, Debt and Energy Market by the Board; and Series B-5 (COM) membership privileges are limited to products assigned to the Commodity Options Market by the Board. Series B-1 (Full), Series B-2 (Associate), Series B-3 (GIM), Series B-4 (IDEM), and/or Series B-5 (COM) members may also be granted Expanded-Access Product privileges in connection with designated products listed by CME.

A Series B-2 (Associate), Series B-3 (GIM), Series B-4 (IDEM) or Series B-5 (COM) member who personally executes trades on the floor in products other than those assigned to his respective Series or designated Expanded-Access Products shall be deemed to have committed an act detrimental to the interest or welfare of the Exchange. A member who trades products on Globex in which he does not have membership privileges is not entitled to member's rates for such trades.

**121. MEMBERSHIP PRIVILEGES**

Membership in the Exchange entitles the member to certain privileges including the right:

- a. To access the trading floor if properly qualified by a clearing member;
- b. To act as a floor broker and/or floor trader in accordance with the requirements of Chapter 5; and
- c. To receive member or lessee transaction fee rates in accordance with Exchange requirements.

**122. MEMBERSHIP DUES AND ASSESSMENTS PAYABLE**

Dues and other amounts owed to the Exchange are payable upon receipt of the invoice. Members in arrears 60 days after the invoice date may forfeit all membership privileges, including the privilege of accessing the floor and reduced clearing and trading fees, including Globex fees. Exchange staff shall use reasonable efforts to notify the member before any privileges are forfeited.

Each permit holder's qualifying clearing member is responsible for the payment of the permit holder's

dues, fees and assessments.

**123. COMPLIANCE WITH THE COMMODITY EXCHANGE ACT**

All members of the Exchange shall comply with the provisions of the Commodity Exchange Act and the rules and regulations duly issued pursuant thereto by the CFTC, including the filing of reports, maintenance of books and records, and permitting inspection and visitation by duly authorized representatives of the CFTC.

**124. VIOLATIONS OF COMMODITY EXCHANGE ACT**

Within a reasonable time following the receipt of final notice under Section 6(c) of the Commodity Exchange Act from the CFTC that any person has been found guilty of violating the provisions of the Commodity Exchange Act, Exchange staff shall take the necessary action to effectuate the order of the CFTC, as applicable, and shall report such action to the Board.

**125. [RESERVED]**

**126. MEMBERSHIP EDUCATION PROGRAMS**

A member's right to access the trading floor requires that he first attend an initial educational program respecting CFTC and Exchange trading rules, federal, Exchange, and administrative sanctions for violating rules, and members' legal and professional responsibilities concerning treatment of customer orders and handling of customer business.

Continued access requires members to comply with the ethics standards set forth in Appendix B to Part 3 of the CFTC's Regulations-Statement of Acceptable Practices, or any equivalent ethics training.

**127. TRADING AND SOLICITATION PRIVILEGES<sup>1</sup>**

A member shall have the right, subject to the rules of the Exchange, to trade as principal and as broker for others by open outcry only with respect to products assigned to his membership Series or designated Expanded-Access Products. The Exchange, subject to the provisions in Article IV, Section D(2)(e) of the Exchange's Certificate of Incorporation that are applicable to rule changes, shall designate the CBOT products which CBOT and CME members may solicit from the combined CBOT and CME trading floor. In order to solicit customer business, the member must have proper industry registration. All solicitations must take place from the trading floor or the premises of an entity registered to conduct customer business. Solicitations occurring from the premises of an entity registered to conduct customer business must be on behalf of the entity or one of its properly registered affiliates and such entity or affiliate must be an NFA member if required by NFA rules.

**128. FULL MEMBER CBOE "EXERCISE" PRIVILEGE**

In accordance with the Agreement entered into on September 1, 1992 (the "1992 Agreement") between the Exchange and the Chicago Board Options Exchange ("CBOE"), Eligible CBOT Full Members who maintain all appurtenant trading rights and privileges of a Full Membership, including any new trading rights or privileges granted, assigned or issued to a CBOT Full Membership to the extent such right or privilege is deemed under the provisions of such Agreement to be appurtenant to the CBOT Full Membership, are eligible to become regular members of the CBOE pursuant to Article Fifth(b) of CBOE's Certificate of Incorporation ("Article Fifth(b)") as follows:

- A. A CBOT Full Member may delegate all of his trading rights and privileges of Full Membership to an individual who will then be eligible to become a regular CBOE member pursuant to Article Fifth(b); provided, however, if a CBOT Full Member delegates some, but not all, of the appurtenant trading rights and privileges of Full Membership, then neither the member nor the delegate will be eligible to be a CBOE regular member pursuant to Article Fifth(b). No person who is not either an Eligible CBOT Full Member or an Eligible CBOT Full Member Delegate (See Rule 106.D.14.ii) shall knowingly apply to become, or knowingly remain, a regular member of CBOE pursuant to Article Fifth(b).

For purposes of the 1992 Agreement, an "Eligible CBOT Full Member" means an individual who at the time is the holder of one of the One Thousand Four Hundred Two (1,402) CBOT full memberships ("CBOT Full Memberships") existing on the date of the 1992 Agreement and who is in possession of all trading rights and privileges appurtenant to such CBOT Full Membership. In the event a CBOT Full Membership is registered for a partnership, corporation or other entity, only

---

<sup>1</sup> Revised December 2009.

the individual who is the holder of such CBOT Full Membership and who is in possession of all trading rights and privileges appurtenant to such CBOT Full Membership shall be deemed to be an "Eligible CBOT Full Member." "Trading rights and privileges appurtenant to such CBOT Full Membership" means (1) the rights and privileges of a CBOT Full Membership which entitle a holder or delegate to trade as principal and broker for others in all contracts traded on the CBOT, whether by open outcry, by electronic means, or otherwise during any segment of a trading day when trading is authorized; and (2) every trading right or privilege granted, assigned or issued by CBOT after the effective date of the 1992 Agreement to holders of CBOT Full Membership, as a class, but excluding any right or privilege which is the subject of an option granted, assigned or issued by CBOT to a CBOT Full Member and which is not exercised by such CBOT Full Member.

- B. In accordance with the Agreement entered into on December 17, 2003 between the Exchange and the CBOE (the "2003 Agreement"), and consistent with, and in furtherance of, the 1992 Agreement, the CBOT will issue upon written request to any individual, partnership, corporation or other entity that owns one of the One Thousand Four Hundred and Two (1,402) CBOT Full Memberships an "Exercise Right Privilege", which is the Exercise Right that, to the extent provided in the Rules and Regulations of the Exchange and the 2003 Agreement, has been unbundled from the other rights and privileges appurtenant to a CBOT Full Membership in order to enable the unbundled Exercise Right Privilege to be bought, sold or leased separate and apart from such CBOT Full Membership.

In accordance with the Agreement entered into on August 7, 2001 between the Exchange and the CBOE (the "2001 Agreement") and the related Agreement entered into on October 7, 2004 among the Exchange, CBOT Holdings and the CBOE (the "2004 Agreement") and the related Agreement entered into on February 10, 2005 among the Exchange, CBOT Holdings and the CBOE (the "2005 Agreement"), and consistent with, and in furtherance of, the 1992 Agreement and the 2003 Agreement, upon completion of the proposed strategic restructuring of CBOT an individual shall be deemed to be an Eligible CBOT Full Member within the meaning of Paragraph A. above only if the individual: (i) is the owner of 27,338 shares of Class A common stock of CBOT Holdings (whether restricted or unrestricted and without regard to any series thereof, such number being subject to antidilution adjustment in the event the Class A common stock is subject to a stock split, reverse split, stock dividend or other stock distribution made to existing shares); (ii) is the owner of one Series B-1 membership in the CBOT Subsidiary; (iii) is in possession of all of the other rights and privileges appurtenant to a CBOT Full Membership; (iv) meets the applicable membership and eligibility requirements of the CBOT and is deemed to be a "CBOT Full Member" under the Rules and Regulations then in effect; and (v) if a Full Membership is one in respect of which the CBOT has issued the Exercise Right Privilege, the individual must also be in possession of one Exercise Right Privilege. The holder of a CBOT Full Membership in respect of which an Exercise Right Privilege has not been issued shall qualify as an Eligible CBOT Full Member if the requirements of the 1992 Agreement are satisfied, without having to possess an Exercise Right Privilege.

Exercise Right Privileges may be separately bought, sold, leased, or otherwise transferred and may be unbundled and rebundled with CBOT Full Memberships in respect of which an Exercise Right Privilege has been issued, for purposes of qualifying the holder thereof as an Eligible CBOT Full Member. The unbundling and issuance, and the sale, lease or transfer of an Exercise Right Privilege by a CBOT Full Member shall not affect the status of such CBOT Full Member as a CBOT Full Member under these Rules, except to the extent otherwise provided in this Rule 127 and Rule 106.D.14. For purpose hereof, the words "possess" and "in possession of" shall be deemed to include possession by ownership or lease, or as a nominee.

- C. In connection with the sale or transfer of a CBOT Full Membership, or upon completion of the proposed restructuring of the CBOT the Series B-1 membership in the CBOT subsidiary, in which the associated Exercise Right Privilege has been previously issued by the Exchange and sold or transferred to a third party, the seller or transferor and the purchaser or transferee shall acknowledge in writing in a manner acceptable to the Exchange that the CBOT Full Membership or the Series B-1 membership in the CBOT subsidiary, as applicable, being transferred or acquired does not have associated with it an Exercise Right Privilege and therefore such purchaser or transferee, or such purchaser's or transferee's subsequent transferees, may not become a regular member of CBOE pursuant to Article Fifth(b) without otherwise possessing the Exercise Right Privilege and upon completion of the proposed restructuring of the CBOT, 27,338 shares of Class A common stock of CBOT Holdings (subject to anti-dilution adjustment, as applicable). A copy of such written acknowledgement shall be maintained by the CBOT in accordance with applicable document retention policies and procedures. The ownership of every Exercise Right Privilege shall be recorded in the books and records of the Exchange. No claim of ownership of an Exercise Right Privilege shall be recognized, and no sale, lease or other transfer of an Exercise Right Privilege or

of any interest therein shall be valid or effective for any purpose whatsoever, unless and until it is duly reflected in the books and records of the CBOT. Subject to the foregoing, persons and entities who are not Members of the Exchange or any subsidiary or parent thereof or otherwise the holders of Membership Interests of the Exchange or any subsidiary or parent thereof, including, without limitation, the CBOE, shall be free to purchase and to hold, lease or sell Exercise Right Privileges, and notwithstanding anything else to the contrary in Rules 101 through 109 or any other Rule or Regulation of the Exchange, shall not be obligated to apply or qualify for membership at the Exchange solely for purposes of purchasing, holding, leasing or selling Exercise Right Privileges.

- D. Without limiting the application of other Rules and Regulations of the Exchange to Exercise Right Privileges, for purposes of clarity, Rules 103, 104, 106, 110 and 133 shall be deemed to apply to Exercise Right Privileges, and the holders, transferors and transferees thereof, in the same manner as Memberships and Membership Interests, and, in each case, the holders, transferors and transferees thereof, unless the context requires otherwise, and except that the CBOE shall be permitted to make one or more offers to purchase a substantial number of Exercise Right Privileges from the holders thereof and to acquire and own Exercise Right Privileges purchased in such offers without regard to the requirements of Rules 103, 104, 106, or 110 other than the requirements of Rule 110 reasonably related to the filing and settlement of claims against the proceeds of any such purchase by the CBOE pursuant to Rule 110, which shall in all circumstances apply to purchases of Exercise Right Privileges by the CBOE. In addition, the CBOE shall not be obligated to pay to the CBOT a transfer fee pursuant to Rule 103.B. upon consummation of one or more transactions in connection with any offer by it to purchase a substantial number of Exercise Right Privileges. For purposes of this paragraph D., a "substantial number of Exercise Right Privileges" shall mean an amount equal to the greater of (1) 20% of the Exercise Right Privileges then in existence, whether bundled or unbundled from CBOT Full Memberships, and not held by the CBOE and (2) 50 Exercise Right Privileges.

CME Group Inc. may sell any number of the Exercise Right Privileges that it acquired in connection with the merger of Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings, Inc., without regard to the requirements of Rules 103, 104, 106, or 110. In addition, neither CME Group Inc. nor any purchaser from CME Group Inc. shall be obligated to pay to the Exchange a transfer fee pursuant to Rule 103.B. upon consummation of one or more transactions in connection with any offer by it to sell Exercise Right Privileges.<sup>1</sup>

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

## **129. CBOT MINI-SIZED CONTRACT PERMIT HOLDERS' TRADING PRIVILEGES**

Floor Access Members of the MidAmerica Commodity Exchange ("MidAm") who were on record as of September 1, 2001 and who remained Floor Access Members thereafter, at least for as long as MidAm continued to have contracts listed for trading, shall be classified as CBOT mini-sized Contract Permit Holders. These Permit Holders will be eligible to trade as principal and as broker for others in CBOT mini-sized Corn, Soybean, and Wheat futures on the Exchange Floor and on the Globex system and Rough Rice futures and futures options contracts on the Exchange Floor and on the Globex system. Such persons may communicate from the Exchange Floor with non-member customers in the same manner as members may do so, but only with respect to CBOT mini-sized Corn, Soybean and Wheat contracts and Rough Rice contracts.

In the exercise of these privileges, such persons shall be subject to the jurisdiction of the Exchange and to all duties and obligations imposed upon members under the Rules and Regulations; provided, however, that the Exchange may exempt such persons from any such duty or obligation which, in its sole judgment, is incompatible or in conflict with, or is unrelated to, the activities performed by them.

The Exchange may, in its discretion, impose fees, charges and assessments upon Permit Holders pursuant to this rule.

## **130. REQUIRED NOTICES BY MEMBER FIRMS AND SUSPENSION OF MEMBER FIRM PRIVILEGES**

Rule 106.H., I., J., R., and S. member firms shall notify the Audit Department prior to any proposed merger, acquisition, consolidation, combination, sale, or any other change of ownership involving such Rule 106.H., I., J., R., or S. firm.

---

Rule 106.H., I., J., R., and S. member firms shall notify the Audit Department in a timely manner of any material change in key personnel who are responsible to act on behalf of the member firm.

If any Rule 106.H., I., J., R., or S. firm:

- has notified the Exchange or the Exchange otherwise becomes aware of a significant event as defined in Rule 442; or
- that is an FCM fails to meet CFTC minimum financial requirements in the opinion of the Audit Department; or
- neglects to promptly furnish a statement upon request,

the membership privileges of the Rule 106.H., I., J., R., or S. firm may be suspended, subject to the procedures set forth in Rule 974.B.

## **INVOLUNTARY SALE**

### **131. EXPULSION FOR FRAUD OR DISHONESTY PRIOR TO ELECTION TO MEMBERSHIP**

A member or a firm with membership privileges who is found guilty of fraud or dishonest conduct by any court, commodity or securities exchange or related clearing organization, the Securities and Exchange Commission, the Commodity Futures Trading Commission or the securities commission or equivalent authority of any state, territory, the District of Columbia or foreign country, the National Futures Association, the Financial Industry Regulatory Authority, or any self-regulatory or regulatory organization prior to becoming a member and of failing to make full disclosure thereof in his or its application for membership, or who is found guilty of having made a false statement of a material fact in or in connection with his or its application, may be expelled from membership in the Exchange by a Panel of the Business Conduct Committee.

### **132. [RESERVED]**

### **133. SALE OF MEMBERSHIP WHEN MEMBER DEFAULTS**

If Exchange staff determines that a member or a firm that has membership privileges is in default upon any financial obligation due to the Exchange or any financial obligation to another member or to a clearing member in connection with transactions on the Exchange, the CEO may order the membership of the defaulting member or firm sold and the proceeds applied as provided in Rule 110. If, within 30 days of such CEO order of sale, the defaulting member or firm satisfies the indebtedness and provides proof of such satisfaction to staff, the ordered sale of the membership shall be cancelled. If full payment is not made within the 30-day period, then the membership involved shall be sold by the Exchange to the highest bid on file with the Department for such membership upon the opening of the seat sale market on the sixth business day after expiration of the 30-day period. If the proceeds from the sale are less than the indebtedness of the defaulting member or firm, such debtor shall remain liable to the Exchange or its members or clearing members for the deficit.

### **134.-194. [RESERVED]**

### **195. MARKET MAKER PROGRAMS**

Exchange staff shall approve the implementation of market maker programs, pursuant to which market makers would be authorized to maintain two-sided markets in those products designated by the Exchange. With the exception of allowable privately negotiated transactions and orders executed in accordance with Rule 539.C., an individual responsible for performing the duties of a market maker pursuant to this Rule may not accept, hold or in any manner have possession or non-public knowledge of orders for any other person, including knowledge of customer orders, in the same or a related market. All contract months in the product and any related futures or options contracts, in addition to any corresponding mini-sized futures or options contracts, shall be considered to be the same or a related market for purposes of this Rule.

To the extent that the terms of any such market maker program may be in conflict with any Rules of the Exchange, such terms shall supersede such Rules. Nothing in this Rule shall alter or waive a member's responsibility to comply with provisions of the Commodity Exchange Act or Rules or Regulations of the Commodity Futures Trading Commission unless exempted by the Commission.

(End Chapter 1)