

## Chapter 3

### Exchange Committees

#### **300. COMMITTEES**

##### **300.A. GENERAL PROVISIONS**

The Board shall establish from time to time Board level committees as defined in the bylaws and non-Board level committees necessary to conduct the business of the Exchange.

Every committee of the Exchange must have a chairman or co-chairmen. For purposes of these Rules, each co-chairman shall have the powers and duties of a chairman if acting in the capacity of a chairman. The chairman or co-chairmen may either be members of the Board, if required by the Rules or applicable committee charter, Exchange members or employees of member firms, or non-members. The Chairman of the Board may appoint vice-chairmen or alternate chairmen to each committee. All meetings shall be called upon request of the chairman of the committee. In the absence of the chairman or a co-chairman, the function of that office shall be performed by a vice-chairman or an alternate chairman and may be performed by the Chairman of the Board.

Meetings shall be conducted according to established procedures of the Exchange, its bylaws or committee charter, as applicable. In the absence of established procedures, or in the case of a dispute, Robert's Rules of Order may be consulted as a guide. Voting by proxy at committee meetings shall not be permitted.

##### **300.B BOARD LEVEL COMMITTEES**

The duties of Board level committees are to establish plans for the strategic direction of the Exchange, develop regulatory policy, advise and assist the Board and perform the specific duties assigned to them elsewhere in these Rules and/or in their charters. The Board may refer to a committee any matter within the committee's jurisdiction, and it shall be the duty of the committee to meet, consider the matter and make a complete report to the Board.

A quorum of a Board level committee shall consist of a majority of the members of the committee. All members of a Board level committee shall be entitled to vote.

##### **300.C NON- BOARD LEVEL COMMITTEES**

The duties of non-Board level committees are to review investigation reports prepared by Exchange staff, conduct hearings and/or advise and assist the Board and perform the specific duties assigned to them elsewhere in these Rules, in their charters or by the Board. The Board may refer to a committee any matter within the committee's jurisdiction and it shall be the duty of the committee to meet, consider the matter and make a complete report to the Board.

The Chairman may appoint Exchange members or employees of member firms and non-members to all non-Board level committees to serve during the Chairman's term of office and until new committees are appointed. The Chairman may at any time remove any member of a committee, with or without cause, and all vacancies shall be filled as in the case of an original appointment. Unless otherwise provided in the Rules, a quorum of a non-Board level committee shall consist of a majority of the members of a committee or a committee panel, excluding the vice-chairman, if any. The chairman of a non-Board level committee, or another individual acting in the capacity of the chairman, may vote only to make or break a tie vote unless otherwise provided in the Rules.

No more than one member of a single broker association may serve on a panel of an adjudicatory committee.

**300.D DISQUALIFICATION FROM CERTAIN COMMITTEES AND GOVERNING BOARDS**

No person shall serve on the Board of Directors or any Board level committee; the Clearing House Risk Committee; the Business Conduct Committee; the Probable Cause Committee; the Floor Conduct Committee; the Settlement Committee; the Delivery Committee; or the Arbitration Committee

1) who is found by a final decision or settlement agreement (or absent a finding in the settlement agreement if any acts charged included a disciplinary offense) to have committed a disciplinary offense, as defined in Section E. below; or

2) whose CFTC registration in any capacity has been revoked or suspended; or

3) who is subject to an agreement with the CFTC or any self-regulatory organization not to apply for registration or membership; or

4) who is subject to a denial, suspension or disqualification from serving on a disciplinary committee, oversight committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in Section 3(a)(26) of the Securities Exchange Act of 1934; or

5) who has been convicted of any felony listed in Section 8a(2)(D)(ii) through (iv) of the Commodity Exchange Act; for a period of three years from the date of such final decision or for such a time as the person remains subject to any suspension, expulsion or has failed to pay any portion of a fine imposed for committing a disciplinary offense, whichever is longer.

**300.E DISCIPLINARY OFFENSES DEFINED**

"Disciplinary offense" is defined as a:

(1) Violation of any Exchange rule or the rules of a self-regulatory organization (as defined in CFTC Regulation 1.63(a)(1)), except those violations that are related to (a) decorum or attire, (b) financial requirements, or (c) reporting or recordkeeping violations which receive cumulative fines of \$5,000 or less within any calendar year;

(2) Notwithstanding paragraph (1) above, a "disciplinary offense" shall include a violation of any Exchange rule or rule of another self-regulatory organization which: (a) involves fraud, deceit or conversion; or (b) results in an access denial, suspension or expulsion;

(3) Violation of the Commodity Exchange Act or CFTC regulations; or

(4) Failure to exercise supervisory responsibility in violation of the Rules of the Exchange, the rules of other self-regulatory organizations, the Commodity Exchange Act or CFTC regulations with respect to activities that involved fraud, deceit or conversion.

A Member who serves on any of the committees listed in Rule 300.D. shall inform the Exchange if he or she is currently ineligible, and shall immediately inform the Exchange if he or she later becomes ineligible, to serve on such committees under the standards set forth above with respect to disciplinary offenses. Violation of this rule shall be an act detrimental to the interest or welfare of the Exchange.

**300. F USE OR DISCLOSURE OF MATERIAL, NON- PUBLIC INFORMATION**

No member of any committee shall use or disclose, for any purpose other than the performance of such person's official duties as a member of a committee, any material non-public information obtained by such person as a result of such person's participation on any such committee; provided, however, that if any such person who effects any transactions after having received any such material, non-public information so obtained can show that such transaction was effected in the ordinary course of such person's business, such person shall not be deemed to have used such information in violation of this rule, unless it can be shown that such person would not have effected such transaction in the absence of such information. For the purposes of this rule, the

terms "material" and "non-public information" shall have the meaning set forth in CFTC Regulation 1.59(a).