

**CHAPTER 2  
GOVERNMENT**

**200.-229. [RESERVED]**

**BOARD OF DIRECTORS – POWERS AND DUTIES**

**230. GENERAL**

**231. [RESERVED]**

**232. EXCHANGE FACILITIES**

**233. [RESERVED]**

**234. AVOIDING CONFLICTS OF INTEREST IN “SIGNIFICANT ACTIONS”**

**234.A. Definitions**

**234.B. Review of Position Information**

**234.C. Determination Whether Abstention Required**

**235.-255. [RESERVED]**

**EXCHANGE OFFICERS AND EMPLOYEES**

**256. INDEMNIFICATION OF CERTAIN PERSONS**

**257. EXCHANGE PHYSICAL EMERGENCIES**

**258. EXCHANGE PERSONAL TRADING POLICY**

## Chapter 2 Government

**200.— 229. [RESERVED]**

### BOARD OF DIRECTORS – POWERS AND DUTIES

**230. GENERAL**

The Board shall, subject to applicable provisions in the relevant corporate charter and bylaws:

- a. Be the governing body of the Exchange;
- b. Have charge and control of all property of the Exchange;
- c. Provide, acquire and maintain suitable Exchange quarters and facilities;
- d. [Reserved];
- e. [Reserved];
- f. Designate and authorize specific appointed officers to act on behalf of the Board to execute contracts within specified budgetary limits;
- g. Fix, determine and levy all membership dues, fees and assessments when necessary;
- h. Act in a judicial capacity in the conduct of hearings with respect to any charges proffered against Members as defined in Rule 400 and non-members and, after such hearings, determine what disciplinary action, if any, should be taken by the Exchange with respect to those charges;
- i. Determine the commodities traded, the membership Series in which they shall be traded, the delivery months, hours of trading, the days of the contract month on which delivery may be made, and performance bond requirements;
- j. Make and amend the Rules; provided, the Board may also delegate authority to make and amend the Rules as it deems appropriate; and
- k. Have power to act in emergencies. In the event that the Board or a hearing panel of the Board determines that an emergency situation exists in which the free and orderly market in a commodity is likely to be disrupted, or the financial integrity of the Exchange is threatened, or the normal functioning of the Exchange has been or is likely to be disrupted, it may, upon a majority vote of the members present or upon a majority vote of the members who respond to a poll, take such action as may in the Board's sole discretion appear necessary to prevent, correct or alleviate the emergency condition. Board members who abstain from voting on a Significant Action as defined in Rule 234 shall not be counted in determining whether such action was approved by a majority vote, but such members can be counted for the purpose of determining whether a quorum exists. Without limiting the foregoing, the Board may: (1) suspend, curtail or terminate trading in any or all contracts, (2) limit trading to liquidation of contracts only, (3) order liquidation or transfer of all or a portion of a member's proprietary and/or customers' accounts, (4) order liquidation of positions of which the holder is unable or unwilling to make or take delivery, (5) confine trading to a specific price range, (6) modify the trading days or hours, (7) alter conditions of delivery, (8) fix the settlement price at which contracts are to be liquidated, and (9) require additional performance bonds to be deposited with the Clearing House. All Exchange contracts shall be subject to the Board's emergency powers and the specifications of each shall be deemed subject to this rule.

Any authority or discretion by these rules vested in or delegated to any other Person or committee shall not be construed to deprive the Board of such authority or discretion and in the event of a conflict, the determination of the matter by the Board shall prevail.

**231. [RESERVED]**

**232. EXCHANGE FACILITIES**

The Exchange shall provide trading facilities which shall be open for trading on such days and at such hours as the Exchange shall determine, except during emergency situations as provided by Exchange rules.

**233. [RESERVED]**

**234. AVOIDING CONFLICTS OF INTEREST IN "SIGNIFICANT ACTIONS"**

#### **234.A. Definitions**

For purposes of this rule:

1. "Significant Action" means (a) an Exchange action or rule change which addresses an "emergency" as defined in CFTC Regulation 40.1(h); or (b) any change in Exchange performance bond levels that is designed to respond to extraordinary market conditions such as an actual or attempted corner, squeeze, congestion or undue concentration of positions, or that otherwise is likely to have a substantial effect on prices in any contract traded or cleared at the Exchange.
2. "Committee" means the Board or any body that is authorized to take a Significant Action.
3. "Member's Affiliated Firm" means a firm in which the member is a "principal," as defined in CFTC Regulation 3.1(a), or an employee.

#### **234.B. Review of Position Information**

1. Prior to the consideration of any Significant Action, each member of the Committee must disclose to the appropriate Exchange staff the following position information to the extent known to him:
  - a. Gross positions held at the Exchange in the member's personal accounts or "controlled accounts," as defined in CFTC Regulation 1.3(j);
  - b. Gross positions held at the Exchange in proprietary accounts of the Member's Affiliated Firm;
  - c. Gross positions held at the Exchange in accounts in which the member is a principal;
  - d. Net positions held at the Exchange in customer accounts at the Member's Affiliated Firm; and
  - e. Any other types of positions, at the Exchange or elsewhere, held in the member's personal accounts or the proprietary accounts of the Member's Affiliated Firm that could reasonably be expected to be affected by the Significant Action.
2. Exchange staff will independently determine what positions are held in each of the above categories based on a review of the most recent large trader reports and clearing records available to the Exchange and any other source of information that is held by and reasonably available to the Exchange, taking into consideration the exigency of the Significant Action.
3. The requirements of sections B.1. and B.2. apply only to members who participate in either the deliberations or voting on the Significant Action in question.

#### **234.C. Determination Whether Abstention Required**

1. A member of a Committee must abstain from both the deliberations and voting by such Committee on any Significant Action if the member knowingly has a direct and substantial financial interest in the result of the vote based upon either Exchange or non-Exchange positions that could reasonably be expected to be affected by the action or is otherwise conflicted based on existing Exchange policy. Exchange staff will independently require a member of a Committee to abstain from both the deliberations and voting by such Committee on any Significant Action if, based upon the information reviewed in sections B.1. and B.2. above, Exchange staff determines that the member has a direct and substantial financial interest in the result of the vote.
2. The Exchange will prepare written records to document that the conflicts determination procedures required by this rule have been followed. Such records will include (a) the names of all members who attended the meeting in person or who otherwise were present by electronic means; (b) the name of any member who voluntarily recused himself or was required to abstain from both the deliberations and voting on a matter and the reason for the recusal or abstention, if stated; and (c) information on the position information that was reviewed for each member.

**235.—255. [RESERVED]**

### **EXCHANGE OFFICERS AND EMPLOYEES**

#### **256. INDEMNIFICATION OF CERTAIN PERSONS**

The Exchange shall indemnify its directors, officers, committee members, employees, and other persons as specified in Article VIII of the Exchange's Bylaws.

**257. EXCHANGE PHYSICAL EMERGENCIES**

In the event that the functions of the Exchange are, or are threatened to be, severely and adversely affected by a physical emergency such as fire or other casualty, bomb threats, substantial inclement weather, power failures, communications breakdowns, computer system breakdowns, screen-based trading system breakdowns, malfunctions of plumbing, heating, ventilation, and air conditioning systems or transportation breakdowns, the Chief Executive Officer or Chief Operating Officer or their delegate may take any action necessary to deal with the emergency, including but not limited to, a suspension of trading. In the absence of the aforementioned Exchange officers or delegate, any member of the Executive Committee may act instead of the Chief Executive Officer or Chief Operating Officer.

Upon a determination by the Chief Executive Officer or Chief Operating Officer or their delegate that the physical emergency has sufficiently abated to permit the orderly functioning of the Exchange, he shall order restoration of trading or the removal of other restrictions imposed.

The Exchange shall notify the CFTC of the implementation, modification or termination of a physical emergency action as soon as possible after taking the action.

Nothing in this rule shall in any way limit the authority of the Board of Directors to act in an emergency situation pursuant to Rule 230.k.

**258. EXCHANGE PERSONAL TRADING POLICY**

(a) Definitions: For purposes of this Rule, the terms "employee," "material information," "non-public information" and "commodity interest" have the meanings ascribed to them in CFTC Regulation 1.59. The term "connected person" has the meaning ascribed to it in the CME Group Personal Trading Policy.

(b) No Board member, committee member, employee or consultant of the Exchange shall (i) trade directly or indirectly in any commodity interest if such Board member, committee member, employee, or consultant has access to any material, non-public information concerning such commodity interest or (ii) disclose for any purpose inconsistent with the performance of such person's official duties any material non-public information obtained in connection with such Board member's, committee member's, employee's or consultant's special access related to the performance of such duties.

(c) No employee or consultant of the Exchange may trade (i) any futures or options on futures, regardless of where they are listed or available for trading; or (ii) any swaps cleared by the Chicago Mercantile Exchange Inc. Clearing House. These prohibitions also apply to connected persons of the foregoing, unless the connected person engages in the trading activity in a professional capacity.

(End Chapter 2)