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## **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 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 them while they were a member and also agrees to have any disputes, which arose while they were 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 Memberships 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 their 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 Exchange staff; 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, they shall sign and file with the Department an Offer to Sell, which shall set forth the price at which they are offering their 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**

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 their 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 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 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, they procure a membership; otherwise their 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.

**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 the clearing member firm qualifying such member as of the close of business on September 30, 2021, files a properly completed Indemnification Form.

**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 their power to direct the sale of their 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 they 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 their membership to a member of their 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. [Reserved]
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 their 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 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 their 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. [Reserved]
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 their membership pursuant to this Rule 106.D. during the pendency of probate.
4. [Reserved]
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 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. [Reserved]
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. 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 their membership; provided, however, that nothing herein shall prohibit a member from naming as their 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 their 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 their 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 the Department. 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.

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" means 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 and/or clearing members that pay the monthly Equity Member Subscription Rate described in Rule 106.J.

A firm may qualify as a:

- Rule 106.I. affiliate equity member firm if a Series B-1 (Full) membership and 20,000 CME Group Class A Shares or a Series B-2 (Associate) membership and 8,750 CME Group Class A Shares are assigned for the firm's membership privileges. A member firm may pay an Equity Member Subscription Rate as published in the CBOT fee schedule in lieu of holding CME Group Class A Shares. The Equity Member Subscription Rate will be applied per member, per month, per Exchange. Member firms choosing to pay the Equity Member Subscription Rate must file an application with the Department. The Exchange will have discretion regarding applying the appropriate rate; 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 20,000 CME Group shares or five Series B-1 (Full) memberships and 20,000 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.

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 their 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 the Department. 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 member firm may pay an Equity Member Subscription Rate as published in the CBOT fee schedule in lieu of holding CME Group Class A Shares referenced above.

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 member firm may pay an Equity Member Subscription Rate as published in the CBOT fee schedule in lieu of holding CME Group Class A Shares referenced below. The Equity Member Subscription Rate will be applied per member, per month, per Exchange. Member firms choosing to pay the Equity Member Subscription Rate must file an application with the Department. The Exchange will have discretion regarding applying the appropriate rate.



A firm may qualify as an equity member firm if a Series B-1 (Full) membership and 20,000 CME Group Class A Shares or a Series B-2 (Associate) membership and 8,750 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.

A CBOT Rule 106.J. equity member firm with a share requirement of 20,000 shares shall at all times have assigned to it at least 30,000 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 an 8,750 share requirement, the combined share requirement will be 28,750.

A CBOT Rule 106.J. equity member firm with a share requirement of 20,000 shares shall at all times have assigned to it at least 40,000 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 an 8,750 share requirement, the combined share requirement will be 38,750.

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 their 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 the Department. 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.

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 their membership to an Estate Planning Vehicle for which the member is the grantor. An Estate Planning Vehicle is a trust established primarily for the benefit of the grantor's family and friends and charitable beneficiaries. A membership properly held within an Estate Planning Vehicle may be transferred to one successor Estate Planning Vehicle for which the member is the grantor within one year of the member's death. The grantor (or the grantor's personal representative) and the trustee (and any successor) shall complete the trust transfer agreement and certification provided by Exchange staff. The grantor shall comply with any request to produce the Estate Planning Vehicle or information regarding the Estate Planning Vehicle 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 their membership to themselves and a member of their 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 their 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 their 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. 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 30,000 CME Group Class A Shares assigned for the

firm's membership privileges. A member firm may pay an Equity Member Subscription Rate as published in the CBOT fee schedule in lieu of holding CME Group Class A Shares. The Equity Member Subscription Rate will be applied per member, per month, per Exchange. Member firms choosing to pay the Equity Member Subscription Rate must file an application with the Department. The Exchange will have discretion regarding applying the appropriate rate; 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 45,000 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 60,000 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.

A member firm may pay an Equity Member Subscription Rate as published in the CBOT fee schedule in lieu of holding CME Group Class A Shares referenced above.

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 their 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 the Department. 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 their 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 them 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 owners of a membership and firms that have membership privileges pursuant to Rules 106. F., G. or J.; 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. For purposes of this Rule, "Transactions on the Exchange" shall include, but are not limited to, transactions receiving preferential clearing fees as a result of the membership, regardless of the party entitled to receipt of such preferential fees. 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 membership or proceeds resulting from the sale of the membership 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, authorized Exchange staff shall conduct an investigation of all claims properly filed against the membership sale 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 1) debts owed to the Clearing House, if the membership transferred was assigned to the Clearing House pursuant to Rule 902; and 2) dues, fines, contributions, charges and other indebtedness owed to the Exchange;
- 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 authorized 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 authorized 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 authorized Exchange staff determines to have arisen directly out of Transactions on the Exchange; and
- e. Payment of amounts due to public customers of the seller or public customers of any party receiving preferential clearing fees as a result of the membership based on claims filed by such customers or based on reports of the Market Regulation Department, which claims are determined by authorized 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 except where the seller gives the Exchange permission to use the proceeds to pay an outstanding tax lien, 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.

Authorized 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 or where Exchange staff is aware of an outstanding tax lien, 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 any party receiving preferential clearing fees as a result of the membership, 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 their 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 member who trades products on Globex in which they do 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 to receive member or lessee 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 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 quarantening 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.-126. [RESERVED]**

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

In order to broker or solicit customer business, the member must have proper CFTC registration. All broking and solicitations must take place from the premises of an entity registered to conduct customer business and 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. [RESERVED]**

**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 (with appropriate industry registration) for others in CBOT mini-sized Corn, Soybean, and Wheat futures and Rough Rice futures and options on the Globex system.

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 Financial and Regulatory Surveillance 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 Financial and Regulatory Surveillance 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 Financial and Regulatory Surveillance Department; or
- neglects to promptly furnish a statement upon request,

membership privileges of the Rule 106.H., I., J., N., R., or S. firm may be suspended, subject to approval of any two of the following individuals: the Chief Executive Officer, Global Head of Clearing, or

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



the Chairman of the Board. Any two of these individuals may reinstate the membership privileges of such a suspended member firm, in their discretion, if the suspended member firm provides evidence satisfactory to the Financial and Regulatory Surveillance Department of its financial responsibility or that it meets CFTC minimum financial requirements.

## **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 their application for membership, or who is found guilty of having made a false statement of a material fact in or in connection with their application, may be expelled from membership in the Exchange by a Panel of the Business Conduct Committee.

### **132. SALE OF MEMBERSHIP AT DIRECTION OF REGULATORY AUTHORITY**

If the Exchange is apprised by a regulatory authority with jurisdiction over the owner of a membership that said membership was obtained unlawfully based on the laws of the jurisdiction in which the owner of a membership is located or where the regulatory authority directs that the owner of the membership relinquish ownership, the Chief Executive Officer may order the membership to be sold and the proceeds applied as provided in Rule 110. If, within 30 days of such order of sale, the owner voluntarily sells the membership, the ordered sale of the membership shall be cancelled. If the membership is not sold by the owner within 30 days of the order, 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.

### **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 Chief Executive Officer 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 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 AND INCENTIVE PROGRAMS**

The Exchange may approve the implementation of market maker or incentive programs (each individually a "Program" or collectively, "Programs") from time to time or modifications to existing Programs. The terms and conditions of each individual Program will be set forth in separate regulatory filings submitted to the Commodity Futures Trading Commission ("CFTC" or "Commission"). This Rule 195 contains terms and conditions that are generally applicable to the Exchange's administration of the Programs.

Any person, entity, or firm that is accepted as a participant in any of the Exchange's Programs shall be subject to Exchange Rules as one of the Program terms and conditions (each such person, entity, or firm a "Participant").

#### **195.A. Restriction on Non-Public Knowledge**

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 in which the Participant would be required to maintain two-sided markets in products designated by the Exchange, 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, or swaps shall be considered to be the same or a related market for purposes of this Rule.

**195.B. Program Terms and Conditions**

**1. Authority.**

The Exchange shall have the sole authority to determine the qualifications, eligibility, product scope, start and end date, requirements, restrictions, obligations, and incentives of each Program ("Program Terms") and whether an applicant or current Participant meets or has met the Program Terms. The Exchange reserves the right in its sole discretion to apply and interpret Program Terms and modify Program Terms. The Exchange has sole discretion to determine whether a Participant is admitted into or continues participation in any Program.

**2. Registration, Documentation, Accounts and Information.**

The Exchange may require the Participant to provide and/or execute documentation, including but not limited to applications, bid sheets and/or agreements (collectively, "Documents") containing the Program Terms or other participant information prior to admission or continued participation in a Program. Where Documents are required, they must be submitted in accordance with any specified requirements set forth by the Exchange. The implementation or modification of a Program is subject to all applicable regulatory processes and certification with the CFTC, and the completion of such processes and certification are conditions precedent to the effectiveness of any Document.

All information supplied by the Participant concerning the Participant, its principals, and all other information set forth in its Documents must be true, correct and complete. Submission of incomplete, incorrect, or false information may subject the Participant to Exchange disciplinary action. The Participant agrees to notify the Exchange in writing of any material changes with respect to the information that take place after the Participant has submitted its Documents and, if accepted into the Program, for the duration of the Participant's participation in the Program.

The Participant must provide the Exchange with any required information including, without restriction, any account information, and register such accounts with the Exchange in order to be eligible to participate in the Program. Participant accounts must be registered with the Exchange for each Program into which a Participant is admitted. Any Participant that has not provided account information on a timely basis may not be eligible to receive incentives in the Exchange's sole discretion.

The Participant shall promptly notify the Exchange in writing if the Participant: (i) merges with or acquires, in whole or in part, any separate trading entity, or (ii) is acquired, in whole or in part, by any separate entity.

**3. Monitoring of Participant Activity.**

The Exchange shall have the right to monitor the Participant's activity to ensure compliance with the Program Terms.

**4. Incentives.**

The Exchange has the sole and final determination as to any rankings, calculations, accrual, and disbursement of incentives. Apart from the specific fee incentives listed in the Program, in any, all fees associated with transacting on the Exchange will continue to apply at the applicable standard rates.

**5. Exchange Right to Terminate Participation.**

The Exchange may terminate a Participant's status in a Program in its sole discretion, including but not limited to the following circumstances: (a) the Participant no longer meets the qualifications or eligibility requirements of the Program or has failed to meet any applicable Program obligations; (b) the Participant violates any of the Rules; (c) the Participant takes any action or engages in any omission that, in the Exchange's sole discretion, has an adverse effect on, or damages the reputation of, the Exchange, the Program's products, or any of the Exchange's trading and/or clearing venues; (d) such termination is necessary, in the sole discretion of the Exchange, to comply with any applicable law or regulation, or any other agreement, legal proceeding, investigation or settlement to which the Exchange, or any of its affiliates, is a party or which may affect the Exchange or any of its affiliates; (e) the Exchange is asked or required to terminate or modify the applicable Program by the Commission or its staff, or any other regulatory body or its staff with jurisdiction over such matters; (f) the Participant ceases doing business as a going concern; (g) the Participant files any petition under the Federal Bankruptcy Act or any state insolvency law, becomes insolvent, has an involuntary petition in bankruptcy filed against it or has a receiver appointed for it or its property; (h) the Participant fails to maintain an appropriate clearing arrangement with an Exchange clearing member firm; or (i) the Exchange delists the products under the applicable Program, upon the effective date of such delisting.

**6. Delisting of Program Products.**

To the extent that additional products included in the applicable Program have not been delisted, the applicable Program shall remain in effect with respect to the remaining listed products unless otherwise terminated by the Exchange.

**7. Limitation of Liability.**

The Exchange shall not have any liability to Participant or any third party with respect to its administration of a Program, and the exclusive remedy of Participant for any claim under a Program will be termination of the applicable Document for enrolment in a Program and Participant's participation in a Program. The Exchange and its partners, directors, officers, employees, shareholders and agents shall not be liable to Participant, or to any third party, for any damages, whether actual, direct, indirect, incidental, special or consequential, of any type whatsoever, arising out of or relating in any manner to the administration of a Program, the Program Terms, and the applicable Document for enrolment in a Program. For the avoidance of doubt, the liability of the Exchange for any event not related to the administration of the Program shall be limited by Rule 578 and any related dispute shall be subject to the arbitration requirements of Rule 578.

**195.C. Priority**

Nothing in this Rule shall alter or waive a Participant's responsibility to comply with the provisions of the Commodity Exchange Act ("CEA" or "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.

**195. D. Participant Compliance**

If a Participant is accepted into a Program, the Participant must comply with all applicable Program Terms, Exchange Rules, Exchange Fee Policy Bulletins, and Exchange policies located on CME Group Inc.'s website at [www.cmegroup.com](http://www.cmegroup.com), including all amendments thereto.

(End Chapter 1)