

# CONFIDENTIAL

## FACSIMILE

DATE/TIME: April 7, 1995

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There are 36 pages including this cover sheet. If there are any problems call (202) 383-0479/0480. The person sending this facsimile is \_\_\_\_\_.

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REMARKS/SPECIAL INSTRUCTIONS: I am enclosing a copy of Chapter Two ("Membership Rules") from the most current version of the COMEX Rule Book. Also enclosed are COMEX Rules 2.32 ("Assessments, Dues, Fees and Fines."); 2.60 ("Trading Privileges"); and 2.90 ("Qualification to Trade Euretop 100 Index Contracts"), which reflect the amendments to these rules following the Merger that took place on August 3, 1994.

THIS MESSAGE IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHICH IT IS ADDRESSED AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW. IF THE READER OF THIS MESSAGE IS NOT THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION OR DISTRIBUTION OF THIS COMMUNICATION TO OTHER THAN THE INTENDED RECIPIENT IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE NOTIFY US IMMEDIATELY BY COLLECT TELEPHONE AT (202) 383-0479/0480/0582, AND RETURN THE ORIGINAL MESSAGE TO US AT THE ABOVE ADDRESS VIA THE U.S. POSTAL SERVICE. THANK YOU.

\*\* DGC notes that most pertinent portions of this are Rules 2.03, 2.04, 2.05

**2.32 - Assessments, Dues, Fees and Fines.**

(a) Assessments, Dues and Fees - Assessments, dues and fees may be determined by the Board of Commodity Exchange, Inc. in accordance with the By-Laws.

(b) Fees for Contracts Traded by Licensees - In addition to the contract fees permitted under paragraph (a) of this rule, the following fees shall be charged to licensees:

(i) there shall be a surcharge of twelve and one-half cents (\$0.125) (twenty-five cents (\$0.25) per round-turn) on each futures contract and option contract purchased or sold for the personal account of a licensee or for an account controlled by the licensee (CTI 1). This surcharge shall apply to trades executed by all individuals elected to membership as licensees after December 1, 1992 and to trades executed by any other licensee upon license renewal subsequent to December 1, 1992.

(ii) there shall be a surcharge of fifty cents (\$0.50) (one dollar (\$1.00) per round-turn) on each futures contract and each option contract bought or sold by a licensee for the house account of the licensee's clearing member (CTI 2), for the account of another member present on the floor or an account controlled by such other member (CTI 3), or for the account of any other type of customer (CTI 4), provided that such surcharge shall not apply to contracts traded by a licensee who is one of no more than two bona fide employees of a member firm licensing memberships for the purpose of executing trades for the account of the member firm and/or its customers.

(c) Fees for Exchange for Physicals Transactions - Fees for exchange for physicals transactions executed on the Exchange and the clearing thereof ("EFP fees") shall be paid to the Exchange in such amount as may be fixed from time to time by the Board of Commodity Exchange, Inc. in accordance with the By-Laws. EFP fees shall be one dollar and twenty-three cents (\$1.23) for a non-member and seventy-eight cents (\$0.78) for a member or member firm.

(d) Fees for Transfers of Open Positions - Fees for transfers of open futures contracts and the clearing thereof ("transfer fees") and option contracts shall be paid to the Exchange in such amounts as may be fixed from time to time by the Board of Commodity Exchange, Inc. in accordance with the By-Laws. Transfer fees shall be charged in the following amounts:

(i) if a transfer of a contract is occasioned by the death of a member or mandated by the Commission or by court order, no fee will be charged.

(ii) if a contract is transferred between accounts maintained by a floor member at two clearing firms and the transfer was effected at the floor member's request, a fee of ten cents (\$0.10) will be charged for each side of the transfer.

(iii) if a contract is transferred from one clearing member to another at the request of the clearing member, a fee of seventeen cents (\$0.17) will be charged for each side of the transfer.

(iv) if a customer requests a transfer of a contract between accounts maintained by the customer at two clearing firms, a fee of sixty-two cents (\$0.62) will be charged for each side of the transfer.

(v) If a contract is transferred between the house account of a clearing member and a customer account of that clearing member, a fee of eight cents (\$0.08) will be charged for each side of the transfer.

**(e) Fines -**

(i) When fined by an Regular or Special Committee or by the Board under the By-Laws and Rules, a member or member firm shall, upon notice, pay to the Exchange the amount designated within the time and in the manner specified in such notice.

(ii) A member firm shall be responsible for payment of any fines imposed upon a member who has conferred membership privileges on such member firm. A member who confers membership privileges on a member firm shall be responsible for payment of fines imposed upon such member firm.

**2.60 Trading Privileges**

An Option Member shall be authorized to trade the following contracts on the Exchange and on NYMEX ACCESS<sup>SM</sup>, when and if such contracts are traded on NYMEX ACCESS<sup>SM</sup>, : gold options; silver options; copper options; platinum options; aluminum futures; Eurotop 100 Index Futures and options for a six month period beginning on the first day of trading such contracts. Option Members Firms shall be permitted to retain the benefits of their Member Firm status as of the date of closing. The rights of Option Members to trade new option products which COMEX Division Members would be permitted to trade will be determined on a case by case basis.

**2.90 Qualification to Trade Eurotop 100 Index Contracts.**

(Paragraphs (a) and (b) remain unchanged.)

(c) Any person who is a regular member in good standing of and has trading privileges on NYMEX shall be eligible to trade Eurotop 100 Futures and Futures Options contracts for his own account.

**SECTION A: APPLICATIONS FOR MEMBERSHIP AND MEMBERSHIP PRIVILEGES****2.01 - Membership and Membership Privileges.**

(a) Membership. Membership in the Exchange may be held only by an individual meeting the requirements set forth in Rule 2.03 ("Applications for Membership").

(b) Membership Privileges. A member of the Exchange may either exercise the privileges of such membership in his individual capacity or confer such privileges upon a corporation meeting the requirements set forth in Rule 2.04 ("Corporate Applications for Membership Privileges") or a partnership meeting the requirements set forth in Rule 2.05 ("Partnership Applications for Membership Privileges"). A limited partner of a partnership may not, however, confer privileges on such partnership and a member may not confer the privileges of his membership at any one time on more than one partnership or corporation or on both a corporation and a partnership. (Rule 2.01 Adopted 09/07/84).

**2.02 - Applications - General Requirements.**

(a) Form. Each application for membership or membership privileges shall be:

(1) typed on such forms as the Exchange may designate from time to time;

(2) accompanied by an agreement whereby the individual, corporation or partnership applying agrees to abide by and be subject to the By-Laws, Rules and Resolutions;

(3) signed by the applicant, in the case of an individual applying for membership, or by the conferring members, in the case of a corporation or partnership applying for membership privileges; and

(4) accompanied by a check made payable to the Exchange in such amount as the Board may fix from time to time, as a non-refundable application fee.

**RESOLUTION**

.10 Fee for Applications for Membership and Membership Privileges. Pursuant to Rule 2.02 (a)(4) ("Applications General Requirements - Form"), the application fee for filing applications for membership and membership privileges shall be \$650.

(b) Time and Place of Submission. Applications for membership or membership privileges shall be submitted to the Admissions Committee at least forty (40) days prior to the meeting at which the application shall be considered. (Rule 2.02 Amended 06/14/91).

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2.03 - Applications for Membership.

(a) Requirements. Each application for membership shall contain evidence that the applicant meets the following requirements:

(1) Minimum Age. The applicant is at least twenty-one (21) years of age and is an individual of good character and standing;

(2) Acquisition of Membership.

(A) The applicant has the capital to purchase a membership on the Exchange ; or

(B) The applicant intends to acquire a membership by means of a financing agreement as set forth in Rule 2.30(d) ("Purchase of Memberships - Purchase Pursuant to Financing Agreement"), in which event, the application must be accompanied by such documents and materials as may be requested by the Exchange or the Admissions Committee; or

(C) The applicant intends to acquire a membership by means of a gift, in which event, the application, in addition to being accompanied by such documents and materials as may be requested by the Exchange or the Admissions Committee, must also be accompanied by a letter, signed by the donor indicating the terms of the gift, including any tax liabilities to the applicant and the rights of the donor in the membership to be acquired; or

(D) The applicant intends to acquire his membership by means of an A-B-C Agreement with a member firm, in which event, (i) the applicant must be applying to confer his membership on the corporation or partnership with which the A-B-C Agreement will be executed; (ii) the applicant must be an officer of the corporation, a partner of the partnership, or an employee on the payroll of such corporation or partnership; and (iii) the application, in addition to being accompanied by such documents and materials as may be requested by the Exchange or the Admissions Committee, must also be accompanied by a copy of such A-B-C Agreement;

(E) The applicant intends to acquire an option membership by means of A-B-C Agreement with a member, in which event, (i) the applicant must be a bona fide employee of the member and must have a minimum of six months floor experience; (ii) the member executing the A-B-C Agreement with the applicant shall not currently be a party to another A-B-C Agreement and shall not enter into an A-B-C Agreement of his original membership; and (iii) the application, in addition to being accompanied by such documents and materials as may be requested by the Exchange or the Admissions Committee, must also be accompanied by a copy of such A-B-C Agreement.

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(3) Guarantee and Designation of Primary Clearing Member. The applicant, if seeking to trade on the floor of the Exchange, has acquired a guarantee, executed on forms prescribed by the Exchange, by a qualified guarantor which will serve as the applicant's Primary Clearing Member.

(4) Sponsors. The applicant is sponsored by two members of the Exchange. To evidence compliance with this requirement, the applicant shall submit statements from his sponsors on such forms as the Exchange may prescribe. If an applicant resides outside of the United States, such applicant's sponsors may be required by the Admissions Committee to be residents of the United States, and the application may be required to be accompanied by two recommendations either from members who reside in the same country as the applicant or banks or other commercial institutions with whom the applicant has had dealings.

(b) Additional Information. The applicant shall submit such information as may be required by the Admissions Committee with respect to the applicant's business affiliations, background, experience and integrity.

(c) Appearance by Applicant and Sponsors.

(1) All applicants for membership who reside in the United States shall be required to appear in person before the Admissions Committee, unless the applicant previously has been approved for membership, in which case, appearance may be waived by the Admissions Committee. If an applicant resides outside the United States, such applicant and/or the applicant's sponsors may be required to appear before the Admissions Committee.

(2) At the request of the Admissions Committee, any member that sponsors an applicant for membership shall appear in person before the Admissions Committee to respond to questions. (Rule 2.03 Amended 09/28/89).

\* \* \* 2.04 - Corporate Applications for Membership Privileges.

Each corporate application for membership privileges shall contain evidence that the corporation meets the following requirements:

(a) Conferring Members. Membership privileges are being conferred upon the corporation by either one member who holds two memberships or two members. In either case, at least one member must be either:

(1) the senior officer of the corporation responsible for its commodity activities; or

(2) a senior executive officer of the corporation who is authorized by virtue of his position to participate meaningfully in the policy-making decisions and operations of the corporation.

If the corporation is organized under the laws of a country other than the United States or its several states, the member who meets the requirements of Section 2.04(a)(1) or (2) ("Corporate Applicants for Membership Privileges - Conferring Members") must be an executive officer or managing agent residing in the United States whose powers and authority are satisfactory to the Board.

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(b) Financial Requirements. The corporation or, if the corporation is a subsidiary, both the corporation and its parent, satisfies the financial requirements for member firms set forth in Chapter 7 of the Rules ("Financial Requirements"). To evidence compliance with this requirement, the corporation shall submit its most current financial statement, certified by an independent public accountant. If the corporation is a subsidiary, the corporation shall also submit a financial statement, certified by an independent public accountant, for its parent corporation.

(c) Incorporation. The corporation is duly incorporated and validly existing, with full power and authority to carry on the business in which it is engaged. Each corporation shall submit a certified copy of its certificate of incorporation and a written opinion of counsel for the corporation stating that:

(1) the applicant is a corporation duly and validly organized and existing under the laws of the jurisdiction where it is domiciled;

(2) the applicant has qualified as a foreign corporation all jurisdictions where its business activities or ownership of property make such qualification necessary; and

(3) all securities (including without limitation, stock, subordinated debt instruments and partnership interests) issued by the applicant either have been registered under the Securities Act of 1933, as amended, and under the Blue Sky laws of applicable states, or are exempt from such registration (giving the basis for such exemption).

(d) Service of Process. Process can be served upon the corporation in the State of New York. If the corporation is neither incorporated nor qualified to do business in the State of New York, it shall submit either a form authorizing service of process upon the Secretary of State of the State of New York or a duly executed designation of an agent for service of process in New York on forms approved by the Exchange.

(e) Principals. The corporation or, if a subsidiary, its parent, is owned and controlled by persons at least twenty-one (21) years of age and of good character and standing. The corporation shall submit such information as may be required by the Admissions Committee with respect to the business affiliations, background, experience and integrity of the officers, directors and controlling shareholders of the corporation and, if appropriate, its parent. (Rule 2.04 Adopted 09/07/84).

~~\*\*\*~~ 2.05 - Partnership Applications for Membership Privileges.

Each partnership application for membership privileges shall contain evidence that the partnership meets the following requirements:

(a) Nature of Partnership. The partnership (whether general or limited) has two or more general partners.

(b) Conferring Members. Membership privileges are conferred on the partnership by either one member who holds two memberships or two members. In either case, at least one member must be either:

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(1) the partner responsible for the partnership's commodity activities; or

(2) a general partner of the partnership who has substantial investment in the partnership relative to other general partners and who is in a position to participate meaningfully in the policy-making decisions and operations of the partnership.

(c) Financial Requirements. The partnership satisfies the financial requirements for member firms set forth in Chapter 7 of the Rules. To satisfy this requirement, the partnership shall submit its most current financial statement, certified by an independent public accountant.

(d) Formation. The partnership is duly formed and validly existing. To meet this requirement, the partnership shall submit a copy of the Partnership Agreement, certified as true and correct by a majority of its general partners, a certified copy of any document filed with the State of New York by which the partnership is authorized to conduct business in New York, and the written opinion of counsel for the partnership stating that:

(1) the applicant is a partnership duly and validly organized and existing under the laws of the jurisdiction where it is domiciled; and

(2) all securities issued by the applicant either have been registered under the Securities Act of 1933, as amended, and under the Blue Sky laws of applicable states, or are exempt from such registration (giving the basis for such exemption).

In addition, if the partnership is a limited partnership, it shall submit a certified copy of its certificate of limited partnership.

(e) Principals. The partnership is controlled by persons at least twenty-one (21) years of age and of good character and standing. The partnership shall submit such information as may be required by the Admissions Committee with respect to the business affiliations, background, experience and integrity of all general and limited partners and, if any general partner is a corporation or partnership, then such information with respect to the persons controlling such corporation or partnership. (Rule 2.05 Amended 04/17/86).

2.06 - Admission to Membership and Membership Privileges.

(a) Recommendation of Admissions Committee. After an applicant has submitted all documents required by this Chapter 2 ("Membership") and such other materials as may be requested by the Admissions Committee, the Secretary shall send notice of such application to each member of the Admissions Committee. After the Admissions Committee has met to consider the applications, it shall submit its recommendations to the Board for consideration at the Board's next regular meeting.

(b) Completion of Ethics Course. Each member-elect must complete an ethics course prescribed by the Board prior to admission to membership, provided however, that the Board of Governors may, in its sole discretion, waive an applicant's participation in such ethics course.

(c) Action by the Board. The Board shall review the Admissions Committee's recommendation on an application for membership or membership privileges accompanied by a certification that the individual applying for membership has completed the prescribed ethics course and shall take action on such application as soon as practicable thereafter. If approved by an affirmative vote of two-thirds of the Board members voting, but by not less than twelve affirmative votes, the applicant shall be admitted as a member or member firm. The Secretary promptly shall inform all applicants of the determination of the Board.

(d) Guarantees as Condition of Granting Corporation Privileges. The Board, in its discretion, as a condition to granting corporation privileges, may require the member or members upon whose membership the application is made execute a written guarantee, in such form as may be required by the Board, of the obligations of the corporation arising out of or in connection with transactions upon the Exchange. The Board may also, in its discretion, require guarantee for a corporation which has previously been granted privileges without the filing of such guarantee and may release a member guarantor from such guarantee upon such terms and conditions as it may determine. The Board's judgment in requiring such a guarantee, or in the release thereof, shall not be subject to challenge.

(e) Purchase of Membership. Every person elected to membership shall acquire a membership in the manner provided in Rule 2.30 ("Purchase of Memberships") within thirty (30) days after his election to membership unless the person elected to membership is a resident of the State of New York, in which case it shall be accomplished within fifteen (15) days after his election to membership. Unless otherwise determined by the Board, failure to meet the requirements of this Rule 2.06(d) ("Admission to Membership and Membership Privileges - Purchase of Membership") shall automatically void any person's election to membership. (Rule 2.06 Amended 11/11/91).

#### Rule 2.07 - Denial of Membership and Membership Privileges

(a) Notice of Denial. If the Board determines to reject an application for membership or membership privileges, the Secretary of the Exchange shall issue and serve on the applicant, either by personal service or by certified mail within thirty (30) days of the Board's action, a written notice of denial setting forth the acts, practices or conduct which were the basis for the Board's decision.

(b) Request for Reconsideration. An applicant may seek reconsideration of the Board's determination by filing with the Office of the Secretary a written request for a hearing and an answer to the notice of denial which states whether the applicant admits or denies each allegation, and provides any information regarding rehabilitation or mitigation which the applicant intends to present at the hearing. This request for reconsideration and answer to the notice must be filed with the Office of the Secretary within fifteen (15) calendar days of service of the notice of the Secretary of the Exchange.

(c) Hearing. If an applicant has filed a request for reconsideration and an answer to the notice on a timely basis, the matter shall be scheduled for hearing before a Board Panel. Discovery and a hearing shall be conducted in the same manner as specified in Rule 8.38 ("Discovery") and 8.39 ("Hearing"), after which the Panel shall issue a decision setting forth:

(1) the name of the applicant for membership or membership privileges;

(2) a statement of the reasons for the denial of membership or membership privileges and a listing of the acts, practices or conduct of the applicant which serve as the basis of the denial;

(3) the terms of the denial;

(4) the date on which the Panel's decision was issued and the date on which the action becomes effective; and

(5) a statement informing the applicant of the availability of CFTC review of the Exchange's decision pursuant to Section 8c of the Commodity Exchange Act and Part 9 of the CFTC's Regulations.

(d) Services and Publication of Decision. The Secretary of the Exchange shall provide written notice of the Board Panel decision to the applicant and to the CFTC in accordance with Rule 8-46 ("Notice to Commission of Decision and Sanction") and shall post notice of the decision as required pursuant to Rule 8-47 ("Publication of Exchange Action").

(e) Rejected Applicants. An applicant for membership or membership privileges who has been rejected by the Board may not again apply for such membership or membership privileges until one year after the date of such rejection. (Rule 2.07 Adopted 6/26/90).

8. 2 [Rules 2.08 - 2.09 Reserved]

## SECTION B: LICENSING MEMBERSHIPS

### 2.10 - Licensing of Memberships Governed by this Section.

A membership may be licensed only in accordance with the provisions of this Section B of the membership rules of the Exchange. (Rule 2.10 Adopted 11/01/92).

### 2.11 - Application for License.

(a) Required Submissions. If any member desires to license his membership, the proposed licensee shall submit the following to the Admissions Committee:

(1) An application on such forms as the Exchange may prescribe, containing evidence that the proposed licensee satisfies all the requirements for membership set forth in Section A of this Chapter 2 ("Membership-Applications for Membership and Membership Privileges"), other than those with respect to purchase of a membership. The application shall be typewritten and signed by the proposed licensee and shall be accompanied by a written statement by the proposed licensor indicating his desire to license his seat to the proposed licensee.

(2) A guarantee, on forms prescribed, by the Exchange, executed by a qualified guarantor which will serve as the proposed licensee's Primary Clearing Member.

(3) A licensing agreement between the proposed licensee and proposed licensor, setting forth the terms and conditions of the proposed licensing arrangement, which shall include the following provisions:

(i) if the Board fails to approve the licensing application, the licensing agreement shall be null and void;

(ii) a description of the events upon which the licensing agreement may be terminated, including as termination events the failure of the PCM's guarantee to be effective, the suspension, expulsion, death, insolvency or incompetence of the licensee or licensor;

(iii) during the first six months of its term, the licensing agreement may only terminate or expire after thirty (30) days' written notice has been given to the Office of the Secretary that a termination event has occurred and that the licensing agreement is to be terminated unless an earlier termination date shall have been mutually agreed upon by the licensee and licensor. Subsequent to the initial six month term, the licensing agreement may be terminated by either the licensor or licensee without cause after thirty (30) days written notice has been given to the Office of the Secretary;

(iv) any and all changes in the license shall be approved by the Board prior to the effective date of the change;

(v) any and all controversies arising between the licensor and the licensee relating to the licensing agreement, or the termination, breach or alleged breach thereof, shall be submitted to arbitration in accordance with Chapter 9 of the Rules ("Arbitration");

(vi) the licensed membership shall be subject to the By-Laws, Rules and Resolutions and the proposed licensee shall be bound by and comply with the By-Laws, Rules and Resolutions and may be disciplined in accordance therewith for failure to so comply;

(vii) during the term of the licensing agreement the licensee shall exercise all rights of membership with respect to the licensed membership, except the right to vote on matters which are the subject of ballot vote or petition by the general membership, the right to be appointed to those Regular Committees of the Exchange which are comprised solely of members of the Exchange, and the right to transfer the licensed membership and to receive the proceeds from any sale of the membership;

(viii) during the term of the licensing agreement, the licensed membership may be used by other members, member firms and the Exchange to satisfy any and all claims against the licensor, including claims of the licensee's guarantor (unless the guarantor and licensor have otherwise agreed), and those claims against the licensee which have not been satisfied by the licensee's guarantor; and

(ix) the licensed membership shall not be transferred by the licensor during the terms of the licensing agreement.

2.11(a)(3)(iii) ("Application for License - Required Submissions"), the Secretary shall post said notice upon the bulletin board or cause said notice to be sent to all members and member firms.

(b) Filing of Claims. Any member or member firm with a claim against the licensee, which claim has arisen out of a transaction on the Exchange or the guarantee of a transaction on the Exchange, shall file such claim with the Secretary within the ten (10) day posting period.

(c) Disputed Claims. All disputed claims involving the licensee shall be resolved in accordance with Rule 2.45 ("Disputed Claims Against Members").

(d) Funds on Deposit. During the pendency of the posting period, and until any and all claims filed against the licensee are resolved, the licensee's primary clearing member shall continue to hold such assets which the licensee has on deposit to satisfy his minimum financial requirements as prescribed in Rule 7.09 ("Minimum Financial Requirement for Licensees"). Thereafter these funds, together with such other assets of the licensee that are on deposit with the primary clearing member, shall be disbursed in the order set forth in Rule 2.48 ("Disposition of Proceeds from Sale of Membership") to satisfy claims duly filed with the Exchange. (Rule 2.15 Amended 07/31/91).

#### 2.16 - Licensor's Duties During Notice Period.

During the 30-day notice period set forth in Rule 2.11(a)(3)(iii) ("Application for License"), the licensor must either apply for reinstatement as a member pursuant to Rule 2.17 ("Reinstatement of Licensor") or arrange to transfer the membership into the name of a member. (Rule 2.16 Adopted 09/07/84).

#### 2.17 - Reinstatement of Licensor.

(a) Required Submissions. Any licensor desiring to be reinstated as a member shall submit the following to the Admissions Committee prior to the end of the 30-day notice period set forth in Rule 2.11(2)(3)(iii) ("Application for License"):

(1) an application for reinstatement on forms approved by the Board;  
and

(2) a check made payable to the Exchange in such amount as may be fixed from time to time by the Board, as a non-refundable reinstatement fee.

### RESOLUTION

.10 Fee for Applications for Reinstatement of Licensor. Pursuant to Rule 2.17(a) ("Reinstatement of Licensor - Required Submissions"), the application fee for filing applications for reinstatement of a licensor shall be \$500.

(b) Recommendation of Admissions Committee. The Admissions Committee shall meet, as soon as practicable after a complete application for reinstatement is submitted to consider such application and thereafter shall make its recommendation to the Board. In order to recommend that the Board approve an application for reinstatement, the Admissions Committee must find that the applicant for reinstatement satisfies all of the requirements for qualification as a member set forth in the By-Laws, Rules and Resolutions.

(c) Action by the Board. The Board shall review the Admissions Committee's recommendation on an application for reinstatement and shall take action on such application as soon as practicable thereafter. If approved by an affirmative vote of two-thirds of the Board members voting, but by not less than twelve affirmative votes, the licensor shall be deemed reinstated to membership. The Secretary shall promptly inform the licensor of the determination of the Board.

(d) Status of Membership Pending Board Action. In the event a licensor has submitted an application for reinstatement and the Board has not acted upon said application within the 30-day notice period set forth in Rule 2.11(a)(3)(iii) ("Application for License"), then, upon the effective termination of the licensing agreement, the licensor shall assume and be responsible for all of the obligations attendant to membership, but shall not have rights of membership unless and until the Board has approved the licensor's application for reinstatement. (Rule 2.17 Adopted 09/07/84).

#### 2.18 - Sale of Membership Ordered by the Board.

In the event that the licensor fails to comply with Rule 2.16 ("Licensor's Duties During Notice Period") or the Board refuses to approve an application for reinstatement, then at the end of the 30-day notice period set forth in Rule 2.11(a)(3)(iii) ("Application for License") or after the Board's failure to approve an application for reinstatement, as the case may be, unless otherwise ordered by the Board, the licensor's membership shall be sold in accordance with the provisions of Rule 2.47 ("Sale of Membership Rights Pursuant to Board Order") and the proceeds from such sale shall be distributed as if the licensor was a failed member, in accordance with the provisions of Rule 2.48 ("Disposition of Proceeds from Sale of Membership"). (Rule 2.18 Adopted 09/07/84).

[Rules 2.19-2.29 Reserved]

**SECTION C: RIGHTS AND RESPONSIBILITIES OF MEMBERS AND MEMBER FIRMS****2.30 - Purchase of Memberships.**

(a) Qualified Purchasers. Only members, persons who have been elected to membership pursuant to Rule 2.02(b) ("Election to Membership - Action by the Board") or the Exchange may purchase Exchange memberships.

(b) Membership Bids and Offers. Bids to buy or offers to sell memberships shall be made through the Office of the Secretary, which shall handle all correspondence pertaining thereto. The Secretary shall keep a record of all such bids and offers.

(c) Purchase for Account of Prospective Member. An applicant for membership may arrange for a member to purchase a membership for him. The purchaser of such membership shall inform the Secretary that he is purchasing for the account of a prospective member; the Secretary shall record the membership as an extra membership.

(d) Purchase Pursuant to Financing Agreement. An applicant for a full membership may purchase his original membership pursuant to a financing agreement provided that the financing agreement and any other ancillary agreements executed in connection with the financing agreement require that the financed membership may only be purchased and/or transferred in conformity with the By-Laws and Rules of the Exchange.

(e) Transfer Fee. The purchaser of a membership shall pay to the Exchange at or before the time the membership is transferred to him a non-refundable transfer fee in such amount as may be fixed from time to time by the Board. However, if the transfer fee has already been paid with respect to a membership acquired for the account of another, no additional transfer fee is payable when such membership is thereafter transferred to the name of the person elected to membership. The purchaser may require the party for whom the membership has been purchased to reimburse to him the transfer fee. The Secretary shall collect and keep a record of all transfer fee payments.

(f) Payment of Purchase Price. The purchaser of a membership shall, within five business days after the acceptance of his bid, deliver to the Secretary payment of the purchase price of such membership by either:

(1) Certified, cashier's or bank teller's check payable to the order of the Exchange drawn on any bank having an office in New York City; or

(2) Federal funds wire transfer.

(g) Delivery of Payment to Seller. The Secretary shall deposit such payment in a bank account and shall, within five business days after the transfer of such membership pursuant to Rule 2.31 ("Transfers of Membership"), or within five business days after his receipt of the purchase price, whichever is later, deliver to the seller of the membership the purchase price thereof by either hand delivery or registered mail, return receipt requested.

(h) Purchase by Exchange. The Exchange, upon authorization by the Board, may purchase outstanding memberships at such prices, upon such terms and conditions and with such funds as the Board may prescribe. Memberships so purchased may be retired or may be held for future sale as determined by the Board.

### RESOLUTION

.10 Transfer Fee. Pursuant to Rule 2.30(d) ("Purchase of Memberships - Transfer Fee"), the transfer fee payable by the purchaser of a membership shall be \$1,000. (Rule 2.30 Amended 09/28/89).

### 2.31 - Transfers of Membership.

(a) Limitations on Transfer. A member may only transfer his membership to another member or to a person elected to membership.

(b) Transfer Procedure. No membership may be transferred unless and until all of the following requirements have been satisfied:

(1) A notice of intention to transfer, signed by the transferor member, his legal representative or, in the case of a deceased member, his executor or administrator, shall have been posted upon the bulletin board for ten days or shall have been sent to all members and member firms. Such notice may be withdrawn only with the consent of the Admissions Committee. At the conclusion of such ten-day posting period or ten days after all members and member firms have been sent such notice, all of the rights and privileges but not the obligations of the transferor member shall cease.

(2) The transferor member shall have filed with the Secretary, no later than the ninth day after the posting of the notice of intention to transfer his membership, a written statement that all futures contracts and options entered into by him on the Exchange have been fulfilled, settled or transferred to another member or member firm and that no further futures contracts or options have been or will be made by him on the floor of the Exchange.

(3) All claims against the transferor member presented by other members or member firms during the ten-day posting period shall have been settled.

(4) All dues owing through the last day of the February immediately following the proposed date of transfer, all assessments levied upon the membership sought to be transferred and all fees, fines, rentals and other indebtedness owing to the Exchange by the transferor member shall have been paid.

(5) The transferor member shall have disposed of or resolved all charges against him pending before the Board or any Regular or Special Committee or any investigations then in progress involving him.

(c) Exceptions to Transfer Procedure. Sections (b)(1) and (b)(2) under Rule 2.31 ("Transfers of Membership - Transfer Procedure") shall not apply to transfers to a person elected to membership by a member who will remain a member after such transfer.

(d) In the event that a member whose membership was financed by means of an ABC Agreement elects not to retain the membership, the membership shall be transferred to a conferring member or member-elect of the firm, or in the case of an option membership financed by an individual member, the membership shall be transferred to such member. If the transferor or member has not designated the individual to whom the membership is to be transferred, the membership shall be transferred to the senior conferring member of the firm, or in the case of an option membership financed by a member, to the member who financed the purchase of the membership until such time as the firm or member designates a successor to the membership. (Rule 2.31 Amended 10/03/88).

## 2.32 - Assessments, Dues, Fees and Fines.

(a) Dues. Annual dues as determined in accordance with the By-Laws shall be paid on every membership. Such dues shall be due and payable on the first day of April unless, at the recommendation of the Board, the members approve an installment plan for payment of such dues at their annual meeting. Dues fixed at the annual meeting of members may not be changed except in accordance with a Board recommendation which is approved by the members at a special meeting called for such purpose.

(b) Assessments and Fees. The Board may levy assessments and fees on members and member firms in such amounts as the Board from time to time finds necessary or desirable, which shall be due and payable at such times at the Board may specify. Such assessments and fees shall include, but shall not be limited to:

(1) Fees for Futures Contracts and Options Bought and Sold. Fees for the purchase or sale of any futures or options contract ("contract fees") shall be paid by the clearing member clearing the contract. Payment to the Exchange, in such amount as may be fixed from time to time by the Board, shall be due from the clearing member on or before the 15th day of the calendar month immediately following the month in which the transaction was executed.

### RESOLUTIONS

.10 Contract Fees. Contract fees shall be charged in the following amounts:

Effective January 3, 1994. Exchange fees on each contract traded shall be as follows:

<u>FEE SCHEDULE</u>		
	<u>Each Side</u>	<u>Round Turn</u>
- <u>FULL MEMBER</u> trading futures or option contracts <u>on floor</u> for his <u>own account</u>	\$ .245	\$ .49
- <u>FULL MEMBERS AND MEMBER FIRMS</u> trading futures or option contracts off-floor for personal/house accounts	.37	.74
- <u>OPTION MEMBER</u> trading option contracts <u>on floor</u> for his <u>own account</u>	.245	.49
- <u>OPTION MEMBERS AND MEMBER FIRMS</u> trading option contracts off-floor for personal/house accounts	.37	.74
- <u>OPTION MEMBER</u> trading futures on/off floor for own account or option member firm account	1.27	2.54
- <u>LICENSEE</u> trading futures or option contracts <u>on floor</u> for his <u>own account</u>	.37	.74
- <u>LICENSEE SURCHARGE*</u> on each contract traded for accounts of others	.50	1.00
- <u>LICENSEE</u> trading futures or option contracts from off-floor	.495	.99
- <u>PASS OUT</u> for the account of any full member or licensee trading futures or option contracts on the floor, or the account of any option member trading options contracts on the floor	.05	.10

\*Surcharge Fee shall be waived if licensee is one of no more of two bona fide employees of a member firm.

	<u>Each Side</u>	<u>Round Turn</u>
- <del>NON-MEMBER</del> trading futures or option contracts	1.27	.54
<b><u>EXCHANGE FOR PHYSICALS ("EFP")</u></b>		
- Posted for the account of a member or member firm	.82	N/A
- Posted for the account of a non-member or non-member firm	1.27	N/A
<b><u>CONTRACTS TRANSFERRED</u></b>		
- Between accounts maintained by a member or member firm at the members' request	N/A	.28
- Between accounts maintained by a member or member firm at the carrying clearing members' request	N/A	.42
- Between accounts maintained by a non-member or non-member firm	N/A	1.32
- Between accounts maintained by a clearing member and a customer account	N/A	.24
- DELIVERY NOTICES	per contract	1.00
- FUTURES POSITION RESULTING FROM EXERCISE/ASSIGNMENTS	per contract	.04

Notes: 1. The fees noted above include Comex Clearing Association, Inc. ("CCA") fees where applicable.

2. Fees on Eurotop 100 futures and option contracts traded have been suspended until April 30, 1994.

(2) Fees Payable to Commodities Exchange Center, Inc. All rental and other fees owed to the Commodities Exchange Center, Inc. by any member or member firm shall be paid directly to CEC.

(c) Fines.

(i) When fined by any Regular or Special Committee or by the Board under the By-Laws and Rules, a member or member firm shall, upon notice, pay to the Exchange the amount designated within the time and in the manner specified in such notice.

(ii) A member firm shall be responsible for payment of any fines imposed upon a member who has conferred membership privileges on such member firm. A member who confers membership privileges on a member firm shall be responsible for payment of fines imposed upon such member firm.

(d) Failure to Pay Dues, Fees, Assessments and Fines

(1) Dues, Fees and Assessments. If any annual dues or any assessment, fee, rental or other amount due to the Exchange from any member or member firm shall not be paid when due, the Secretary shall send notice of such deficiency to the member or member firm by certified mail or hand delivery during business hours to the office address or to the Commodities Exchange Center, Inc. mailbox of the member or member firm. If such dues, assessments, fees, rentals or other amounts remain unpaid for fifteen (15) days after such notice is sent to the member or member firm, a penalty of twenty-five percent (25%) of the amount due shall automatically be assessed against, and be payable by such member or member firm and a complaint shall be issued by the Secretary which thereafter shall be referred to the Supervisory Committee.

At the time of issuance of the complaint, the member or member firm shall be given not less than ten (10) business days notice of the scheduled date of a meeting of the Supervisory Committee at which the member or member firm may avail itself of the opportunity for a hearing on the allegations set forth in the complaint. The member or member firm must then submit a written request for hearing within five (5) business days after service of the complaint. The failure to submit a request for hearing will operate as a waiver of a hearing and an admission of the charges in the complaint, except where the Supervisory Committee finds good cause why a hearing should not be waived.

(2) Fines. If a member or member firm defaults in the payment of any fine on the date due, which for purposes of this Rule shall be forty-five days after the action imposing the fine becomes final, such member or member firm shall be suspended automatically without further action of the Exchange, and shall remain suspended until such fine is paid in full and the member or member firm is reinstated as provided in Rule 8.18.

If such member or member firm is suspended as provided in this Rule and continues in default of the payment of any fine for a period of thirty (30) days, the membership of such member or by which such member firm is conferred privileges shall be sold by the Exchange and the proceeds for such sale paid and applied as provided in Rule 2.49. (Rule 2.32 Amended 01/03/94).

### 2.33 - Member Firms Status Changes.

(a) Corporations. A member firm that is a corporation shall report to the Secretary, in writing, any change (i) of its executive officers and members of its Board of Directors and (ii) in the ownership of ten (10) percent or more of its stock.

(b) Partnerships. A member firm that is a partnership shall report to the Secretary, in writing, (i) any change in the general, limited or other partners of the partnership, (ii) any change in the amount of capital furnished by any partner or subordinated lender of the partnership, and (iii) the termination or dissolution of the partnership.

(c) Filing Deadline. If the member firm has prior knowledge of any of the above changes, it shall file the report with the Secretary before the proposed change is implemented, but in no event shall the Secretary be notified twenty (20) days after the change has been made.

(d) Effective Date. None of the foregoing changes shall be deemed effective by the Exchange until such time as the Membership Committee has reviewed the report and notified the member firm of its approval. (Rule 2.33 Amended 01/28/92)

### 2.34 - Liens.

(a) Claims Against Members. A member or member firm having a claim against another member arising out of a transaction or the guarantee of a transaction taking place on the Exchange, shall have a lien upon the membership of the obligated member (and the proceeds thereof), or if the obligated member is a licensee, upon all cash, property, credit balances and other assets in any account maintained by the licensee at the licensee's primary clearing member for the amount of such indebtedness.

(b) Claims Against Member Firms. A member or member firm having a claim against a member firm arising out of a transaction taking place on the Exchange or the guarantee of a transaction shall have a lien upon the membership (and the proceeds thereof) of the member conferring privileges upon the obligated member firm for the amount of such indebtedness.

(c) Liens in Favor of Exchange and Clearing Association. The Exchange and the Clearing Association each shall have a lien upon the membership (and the proceeds thereof) of any member indebted to them, or upon the membership of the conferring member where a member firm is indebted to them, for the amount of such indebtedness. The Exchange also shall have a lien upon all cash, property, credit balances and other assets in any account maintained by a licensee at the licensee's primary clearing member for the amount of the indebtedness.

(d) Liens in Favor of Membership Financors. An individual or firm which has financed the purchase of a membership in accordance with the By-Laws and Rules of the Exchange shall have a lien upon the financed membership (and the proceeds thereof) for the amount of the indebtedness of the obligated member.

(e) Assignment of Lien. The lien upon the membership of a member arising pursuant to this Rule shall be personal and non-assignable, and any attempt to assign such lien shall render it null and void.

(f) Resolution of Claims. Any claim asserted pursuant to paragraphs (a) and (b) of this Rule shall be resolved in accordance with the procedures set forth in Rules 2.44 through 2.48 of this Chapter 2. (Rule 2.34 Amended 07/31/91)

### 2.35 - Expenses of Lawsuits Brought Against the Exchange By Members and Others

Any member, member firm, option member, option member firm, or employee thereof that institutes a lawsuit or other similar proceeding against the Exchange or any of its officers, directors, members of committees, agents or employees in any court of law or otherwise and that fails to prevail in such lawsuit or proceeding shall pay to the Exchange any and all reasonable expenses and disbursements, including attorney's fees and statutory costs, incurred by the Exchange in the defense of such lawsuit or proceeding. (Rule 2.35 Adopted 01/06/94)

[Rules 2.36 - 2.39 Reserved]

**SECTION D: SUSPENSION AND TERMINATION OF MEMBERSHIPS AND MEMBERSHIP PRIVILEGES****2.40 - Termination of Membership Privileges.**

a) Definition of Associated Corporation. For purposes of this Rule, "associated corporation" shall mean a corporation which is a subsidiary, parent or affiliate of another corporation having membership privileges.

b) Non-Associated Corporations. The membership privileges of a corporation which is not an associated corporation shall automatically terminate (1) immediately upon the corporation's failure to have at least one conferring member; or (2) ninety (90) days after the corporation fails to meet any other requirement of Rule 2.04(a) ("Corporate Applications for Membership Privileges - Conferring Members"); or (3) upon its voluntary withdrawal.

c) Associated Corporations. The membership privileges of an associated corporation shall terminate in the same manner as the membership privileges of a non-associated corporation, unless:

(1) there is on file with the Secretary an agreement on forms approved by the Exchange and executed in accordance with Exchange requirements providing that the persons executing such agreement will be jointly and severally responsible for the compliance by the associated corporation with all of the By-Laws, Rules and Resolutions and with all directives, orders or requirements of the Board or of any Regular or Special Committee; and

(2) within ninety (90) days after the corporation first failed to have at least one conferring member, the corporation fulfills the requirements of Rule 2.04(a) ("Corporate Applications for Membership Privileges - Conferring Members").

(d) Partnerships. The membership privileges of a partnership shall automatically terminate (1) immediately upon the partnership's failure to have at least one conferring member; or (2) ninety (90) days after the partnership fails to meet any other requirement of Rule 2.05 (a) ("Partnership Applications for Membership Privileges - Conferring Members"); or (3) upon its voluntary withdrawal.

(e) Announcement of Termination. The Secretary, upon receipt of notice or advice that a firm's partnership or corporate privileges have been terminated, promptly shall post notice thereof on the bulletin board or send notice thereof to all members and member firms, which notice shall be effective immediately upon such posting or sending.

**2.41 - Expelled and Suspended Members.**

(a) Announcement of Expulsion or Suspension. Upon receiving notice of the expulsion or suspension of any member or member firm, the Secretary shall post a notice thereof on the bulletin board or send notice thereof to all members and member firms.

(b) Dues and Assessments. Annual dues and assessments shall accrue and be payable upon the membership or memberships owned by a suspended member.

(c) Reinstatement. A suspended member or member firm may be reinstated in his or its rights of membership by the Board by the affirmative vote of two-thirds of the Board members present and voting, but in no event by less than twelve affirmative votes. (Rule 2.41 Adopted 09/07/84).

**2.42 - Deceased Members.**

(a) Announcement of Death. Upon receiving notice of the death of a member, the Secretary shall post a notice thereof on the bulletin board or send notice thereof to all members and member firms.

(b) Closing of Futures Contracts. In the event the deceased member was either the sole seller or buyer of futures contracts or options, or was the only member conferring privileges on a firm which was the sole seller or buyer of futures contracts or options, those futures contracts and options shall be closed on the open market by the other party thereto within six trading hours after the announcement of the death of the deceased member. The party closing such futures contracts or options shall promptly notify the estate or firm of the deceased member of the time and price at which such futures contracts or options were closed, and such prices shall be the basis of settlement between the parties thereto.

(c) Closing Not Required if Futures Contracts or Options Assumed. Section (b) of this Rule shall not apply, if prior to the closing of a deceased member's futures contracts or options, a member notifies the Secretary that he will assume those futures contracts or options.

(d) Closing of Futures Contracts or Options Not Required by Clearing Member. Section (b) of this Rule shall not require a clearing member to close out the futures contracts or options of a deceased member or of the firm for which the deceased member was the sole conferring member when such futures contracts or options are carried for the deceased member or for his firm. (Rule 2.42 Adopted 09/07/84).

## 2.43 - Failed Members.

### (a) Members Deemed Failed Upon Notification.

(1) Notification of Secretary. Any member or member firm that (i) files a voluntary petition in bankruptcy or is adjudicated a bankrupt; (ii) fails for ten days to fulfill a final award in arbitration; (iii) fails to fulfill or adjust all of his futures contracts and options in accordance with the By-Laws, Rules and Resolutions; (iv) is unable to pay his debts as they fall due in the ordinary course of business; or (v) is unable to meet his obligations to other members or member firms, shall immediately give written notice of that fact to the Secretary. The Secretary shall immediately post said notice upon the bulletin board for a period of not less than five days. Said member or member firm thereafter shall be deemed a failed member or member firm.

(2) Submission to Supervisory Committee. A member or member firm which has given notice to the Secretary pursuant to Section (a)(1) of this Rule shall, within ten (10) days after submission of said notice, submit to the Supervisory Committee a detailed statement of his affairs. The Committee shall examine the statement and may, in its discretion, procure the assistance of an accountant and charge the expenses thereof to said member or member firm. If the member or member firm fails to timely submit such statement, the Supervisory Committee shall report this to the Board. The Board may, by a two-thirds vote of those Board members present, but in no event by less than twelve affirmative votes, declare such member or member firm disqualified for reinstatement to membership, notwithstanding that settlement with creditors may have been made.

(b) Members Deemed Failed by Supervisory Committee. If a member or member firm has not given notice to the Secretary pursuant to Section (a)(1) of this Rule, a claim alleging that such member or member firm is unable to meet his or its obligations to other members or member firms may be filed by another member or member firm with the Secretary. A copy of such claim shall be delivered to the Supervisory Committee, which shall promptly investigate the matter. If, in its opinion, the member's or member firm's failure and inability to meet the obligations stated in the claim is proven, the Supervisory Committee shall deem the member or member firm against whom the claim is filed a failed member or member firm and shall at once direct the Secretary to post a notice of such failure upon the bulletin board for a period of not less than five business days.

### (c) Effects of Being a Failed Member.

(1) Closing of Contracts of Failed Members and Member Firms. The posting and announcement of notice of a failed member or member firm pursuant to either Section (a) or (b) of this Rule shall be considered due and sufficient notice of such failure to all members and member firms, and any

futures contract or option entered into with the failed member or member firm shall be closed in the open market by the other party thereto not later than six trading hours after notice that such member or member firm has been deemed failed is posted on the bulletin board. The party closing such futures contract or option shall promptly notify the failed member or member firm of the time and price at which the futures contract or option was closed and such price shall be the basis of settlement between the parties thereto.

(2) Failure of Member Firm. In the event a member firm is deemed failed pursuant to Section (a) or (b) of this Rule, the following additional rules shall apply:

(i) where a partnership enjoying membership privileges fails, or if any member through whom such partnership's privileges were conferred fails, the privileges of such partnership shall be automatically revoked, any member through whom the partnership's privileges were conferred shall be automatically suspended from membership and all of the remaining general partners who are members may be suspended from membership by the Board; and

(ii) where a corporation enjoying membership privileges fails or if any member through whom the corporation's privileges were conferred fails, the privileges of such corporation shall be automatically revoked, any member through whom the corporation privileges were conferred shall be automatically suspended from membership and all of the remaining officers or directors of such corporation who are members may be suspended by the Board.

(d) Rights of Failed Members. Upon the posting of notice of failure of a member or member firm, said member or member firm shall forfeit all rights and privileges of membership, except the right to arbitration of claims resulting from business transactions with members and member firms entered into before such posting.

(e) Reinstatement of Failed Members. Any member or member firm deemed failed pursuant to Section (a) or (b) of this Rule may, within one year from the date of posting of notice of his failure, apply for reinstatement by submitting an application to the Supervisory Committee on such forms as the Exchange may prescribe, showing that claims by creditors against such member or member firm have been settled. The Committee shall, within one week from the receipt of the application, submit it to the Board, together with its opinion thereon, stating whether, in its judgment, the applicant had conducted his or its business in a reckless or unbusinesslike manner. The Board may, at its first regular meeting after the report of the Committee is received, or as soon as practicable thereafter, by a vote of two-thirds of those Board members present, but in no event by less than twelve affirmative votes, reinstate such member or member firm to all the rights and privileges of membership. (Rule 2.43 Adopted 09/07/84).

**2.44 - Claims Against and Money Owed to Members.****(a) Filing Reports with Secretary.**

(1) Reports of Claims. Any member or member firm with a claim against another member or member firm, which claim has arisen out of a transaction on the Exchange or the guarantee of a transaction on the Exchange shall file such claim with the Secretary within ten (10) days after the posting of a notice of intention to transfer a membership or thirty (30) days after the posting of a notice of expulsion, failure or death. If such claims are not so filed, all rights under such claims to participate in the proceeds of the sale of such member or member firm's membership shall be forfeited.

(2) Reports of Money Owed. Any member or member firm owing any funds to another member or member firm shall report the same at once to the Secretary.

(b) Service of Claims. The Secretary shall, in the case of a deceased member, as soon as practicable after the expiration of the thirty-day period for filing claims and within three (3) business days in the case of any other claim, serve upon such member, such member's guarantor, such member firm, or upon such deceased member's executor or administrator and guarantor, a copy of all the claims filed with the Secretary in accordance with the requirements of this Rule and a copy of this Section D ("Suspension and Termination of Memberships and Membership Privileges") of Chapter 2 of the Rules. (Rule 2.44 Adopted 03/21/88).

**2.45 - Disputed Claims Against Members.**

(a) Objections Filed with Secretary. Notice of objections to any claims filed pursuant to Rule 2.44(a)(1) ("Claims Against and Money Owed to Expelled, Failed and Deceased Members - Filing Reports with Secretary") shall be filed in writing with the Secretary specifying the grounds of objection at the following times:

(1) in the case of a disputed claim against a deceased member, within thirty (30) business days after the service of such claim; and

(2) in the case of a disputed claim against any other member or member firm, within three business days after the service of such claim pursuant to Rule 2.44(b) ("Claims Against and Money Owed to Members - Service of Claims").

(b) Arbitration of Disputed Claims. The Secretary shall, within three business days after receipt of a notice of objection filed pursuant to Section (a) of this Rule, deliver such notice, together with a copy of the disputed claim, to the Arbitration Committee. The matter shall then be subject to arbitration in accordance with Chapter 9 of the Rules ("Arbitration"). (Rule 2.45 Amended 03/21/88).

## 2.46 - Disposition of Membership Rights After Determination of Claims.

(a) Notice of Awards and Non-Disputed Claims. The Secretary shall deliver to a member or member firm, or to the executor or administrator of a deceased member, and to such member's guarantor, a list of all claims filed with the Secretary to which no objection has been made, and a list of the decisions of the arbitrators on those claims which have been disputed, at the following times:

(1) in the case of claims to which ~~no objection has been made~~, within three business days after the time allowed for filing objections to such claims under Rule 2.45(a) ("Disputed Claims Against Members - Objections Filed with Secretary");

(2) in the case of claims which have been the subject of an arbitration award, within three business days after such award has been filed.

(b) Order to Sell Member's Membership. Once a member or member firm receives notice of all non-disputed claims and arbitration awards against him, the Board shall declare the membership of the member or the membership of the conferring member or members of the member firm at an end and order the sale of such membership(s); provided that in the case of a member or member firm deemed failed upon notification pursuant to Rule 2.43(a) ("Failed Members - Members Deemed Failed Upon Notification"), the Board shall not be required to order the sale of such membership or memberships.

(c) Order to Sell Deceased Member's Membership. If the executor or administrator of a deceased member's estate fails to pay all arbitration awards and undisputed claims within twenty (20) days after the delivery to him of the list thereof, the Board shall order the membership or memberships of such deceased member to be sold. (Rule 2.46 Amended 03/21/88).

## 2.47 - Sale of Membership Rights Pursuant to Board Order.

When the sale of the rights of membership of any member is ordered by the Board, the membership shall be deemed to be offered and shall be sold in accordance with Rule 2.30(b) "Purchase of Memberships - Membership Bids and Offers". Any member may purchase a membership sold pursuant to this Rule and shall subsequently have the right to sell such membership to any other member or member-elect. (Rule 2.47 Amended 03/21/88).

## 2.48 - Disposition of Proceeds from Sale of Membership.

(a) Application of Proceeds. In the event a membership is sold, voluntarily or pursuant to an order of the Board, the proceeds from that sale shall be applied as follows:

(1) first, to the satisfaction of any debts owed to the Exchange for annual dues, assessments, fines, or other charges;

(2) second, pro rata to the payment of such member's Primary Clearing Member and secondary clearing members, if any, of all claims filed pursuant to Rule 2.44 ("Claims Against and Money Owed to Members") for losses arising from the clearance of trades executed by the guaranteed member.

(3) third, pro rata satisfaction of all claims filed with the Secretary pursuant to Rule 2.44(a)(1) ("Claims Against and Money owed to Members - Filing Reports with Secretary - Reports of Claims") to which no objection has been made and to all arbitration awards which have been made pursuant to Rule 2.45(b) ("Disputed Claims Against Members - Arbitration of Disputed Claims");

(4) fourth, to the payment of any claim that may be due to the Clearing Association; and

(5) fifth, where the purchase of the membership has been financed by means of a financing agreement in accordance with Rule 2.30 ("Purchase of Memberships - Purchase Pursuant to Financing Agreement"), to the payment of any claim that may be due to the financer of the membership; and

(6) the remainder to the member, or his legal representative, or to the executor or administrator of the deceased member's estate, as the case may be. (Rule 2.48 Amended 04/10/89)

[Rules 2.49 - 2.59 Reserved]

**SECTION E - OPTION MEMBERSHIPS**

**2.60 - Trading Privileges**

An Option Member shall be authorized to trade the following contracts on the Exchange: gold options; silver options; copper options; platinum options; aluminum futures; Euroton 100 Index futures and options for a six month period beginning on the first day of trading such contracts. (Rule 2.60 Amended 09/10/92).

**2.61 - Applicability of By-Laws, Rules and Resolutions.**

Except as otherwise provided in this Chapter 2, an Option Member shall be subject to all duties and obligations imposed upon members by the By-Laws, Rules and Resolutions of the Exchange; provided, however, that the Board by resolution, may exempt an Option Member from any such duty or obligation which the Board in its sole discretion, shall deem incompatible with, or in conflict with, or unrelated to, the activities of an Option Member. All references in the By-Laws, Rules, and Resolutions to "members" shall apply with equal force to Option Members and all such references to "member firms" shall apply to Option Member Firms, unless specifically negated. (Rule 2.61 Amended 11/03/92).

**2.62 - Dues and Assessments.**

Option Members shall be responsible for dues and assessments in such amounts as from time to time may be determined by the Board of Governors, which amounts shall in no event exceed the dues and assessments charged to regular members. (Rule 2.62 Amended 11/03/92).

**2.63 - Basis for Disciplinary Proceedings.**

An Option Member shall be subject to disciplinary proceedings and the imposition of sanctions as provided in the By-Laws, Rules and Resolutions, including revocation of an Option Membership if such Option Member:

- (a) executes, or attempts to execute, a trade in any contract other than the contracts which he is permitted to trade pursuant to Rule 2.60;
  - (b) engages in words or conduct which represent, or appear to represent, that such an Option Member is a holder of full membership in the Exchange; or
  - (c) violates any Rule for which a member may be sanctioned.
- (Rule 2.63 Amended 11/03/92)

2.64 - Representation on Committees. - Deleted 10/24/89

2.65 - Firm Privileges.

Each holder of an Option Membership shall be entitled to confer privileges on a partnership or corporation solely for the purpose of trading those contracts which the Option Member is permitted to trade pursuant to Rule 2.60. (Rule 2.65 Amended 11/03/92).

2.66 - Licenses.

No Option Membership may be licensed. (Rule 2.66 Amended 11/03/92).

2.67 - Voting Privileges

An Option Member has no voting rights on matters which are the subject of ballot vote or petition by the general membership. (Rule 2.67 Amended 11/03/92).

(Rules 2.68 - 2.79 Reserved)

**SECTION F - ALUMINUM MEMBERSHIP RULES****2.80 - Trading Privileges.**

An Aluminum Member shall be authorized to trade aluminum futures contracts. (Rule 2.80 Amended 03/21/88).

**2.81 - Applicability of By-Laws, Rules and Resolutions.**

All references in the By-Laws, Rules and Resolutions to "members" shall apply with equal force to Aluminum Members and all such references to "member firms" contracts shall apply to Aluminum Member Firms, unless specifically negated. (Rule 2.81 Amended 03/21/88).

**2.82 - Dues and Assessments.**

Aluminum Members shall be responsible for dues and assessments in such amounts as from time to time may be determined by the Board, which amounts shall in no event exceed the dues and assessments charged to regular members. (Rule 2.82 Amended 03/21/88).

**2.83 - Basis for Disciplinary Proceedings.**

An Aluminum Member shall be subject to disciplinary proceedings and the imposition of sanctions as provided in the By-Laws, Rules and Resolutions, including revocation of an Aluminum Membership, if such Aluminum Member:

(a) executes, or attempts to execute, a trade in any contract other than the aluminum futures contract;

(b) engages in words or conduct which represent, or appear to represent, that the Aluminum Member is a holder of a full membership in the Exchange; or

(c) violates any rule for which a member may be sanctioned. (Rule 2.83 Amended 03/21/88).

**2.84 - Representation on Committees.**

(a) Except as otherwise provided in subparagraphs (b) and (c) hereof, Aluminum Members shall not be eligible to serve on any committees of the Exchange.

(b) Aluminum Members shall be eligible to serve on those committees established under the By-Laws and Rules, the primary function of which relate to aluminum and its trading, and as representatives on the Floor Committee from the aluminum futures trading ring.

(c) The Board, from time to time by resolution, may establish one or more committees which shall consist, in whole or in part, of Aluminum Members. Each such committee shall be authorized only to consider matters pertaining to Aluminum Members, and to report to the Board with its recommendations with respect thereto. (Rule 2.84 Amended 03/21/85).

#### 2.85 - Firm Privileges.

Each holder of an Aluminum Membership shall be entitled to confer partnership or corporation privileges on a firm solely for the purpose of trading aluminum futures contracts. (Rule 2.85 Amended 03/21/85).

#### 2.86 - Licenses.

No Aluminum Membership may be licensed. (Rule 2.86 Adopted 03/21/85).

#### 2.87 - Voting Privileges

An Aluminum Member has no voting rights on matters which are the subject of ballot vote or petition by the general membership. (Rule 2.87 Adopted 03/21/85).

#### 2.88 - Redemption.

The Board, in its sole discretion, may repurchase all Aluminum Memberships at the initial purchase price of the Aluminum Permits if the aluminum futures contract becomes a dormant contract as that phrase is defined in Section 5.4 of Commodity Futures Trading Commission's regulations. (Rule 2.88 Amended 03/21/85).

[Rule 2.89 Reserved]

**SECTION 6 - EUROTOP 100 INDEX TRADING PRIVILEGES****2.90 - Qualification to Trade Eurotop 100 Index Contracts.**

(a) Any person who is a member in good standing of and has trading privileges on the New York Futures Exchange ("NYFE") shall be eligible to trade Eurotop 100 futures and futures option contracts upon submission of an application in such form as the exchange may prescribe and the execution of an unconditional guarantee by a Comex clearing member which will serve as the NYFE member's primary clearing member. Notwithstanding the foregoing, any person who becomes a NYFE floor member on or after the date on which trading in Eurotop 100 index contracts commences shall not be eligible to trade Eurotop 100 index futures or options for so long as the date on which such person is granted NYFE floor trading privileges.

(b) Any person who is a member in good standing of and has trading privileges on the Coffee, Sugar & Cocoa Exchange, Inc. ("CSCE"), the New York Cotton Exchange ("Cotton"), Finex or the New York Mercantile Exchange ("NYMEX") shall be eligible to trade Eurotop 100 futures and futures option contracts, for his own account, for a period of one year beginning as of October 26, 1992, upon submission of an application in such form as the exchange may prescribe and the execution of an unconditional guarantee by a Comex clearing member which will serve as the CSCE, Cotton, Finex or NYMEX member's primary clearing member. (Rule 2.90 Adopted: 10/26/92)

**2.91 - Disciplinary Jurisdiction.**

Except as otherwise provided, a NYFE, CSCE, Cotton, Finex or NYMEX member shall be subject to the rules and disciplinary jurisdiction of the Exchange with respect to his or her trading of Eurotop 100 Index contracts and shall remain within the disciplinary jurisdiction of the Exchange until any and all investigations or proceedings related to that member's activities involving Eurotop 100 Index contracts have been concluded. (Rule 2.91 Adopted: 10/26/92)

**ENDS CHAPTER**

(4) Any and all ancillary agreements between or among the licensor, the licensee, the licensor's guarantor and the licensee's guarantor, which refer to or relate to their rights or obligations pursuant to the license.

(5) A check made payable to the Exchange in such amount as may be fixed from time to time by the Board, as a non-refundable application fee.

**RESOLUTION:**

.10 Fee for Applications for License. Pursuant to Rule 2.11(a)(5) ("Application for License - Required Submissions"), the application fee for filing applications for licenses shall be \$500.

(6) The licensee's agreement to abide by and be subject to the By-Laws, Rules and Resolutions.

(7) A financial statement which demonstrates that the applicant has the ability to meet the Exchange's minimum financial requirement for licensees, or if the applicant intends to meet his minimum financial requirement by means of a gift, a letter signed by the donor indicating the terms of the gift, including any tax liabilities to the licensee.

~~(b) Term of License.~~ A membership may be licensed for a term of up to one calendar year, after which the license may be renewed for successive terms, subject to Board approval.

(c) Posting of Notice. At the time that the prospective licensee has submitted the documents described in section (a) of this rule, the prospective licensor shall submit to the Exchange such forms as may be prescribed regarding his intention to transfer his membership. In the event that the transfer is of the original membership of the prospective licensor, notice of the proposed transfer shall be posted on the bulletin board of the Exchange for ten (10) days or distributed to all members and member firms. (Rule 2.11 Amended 01/26/93).

**2.12 - Approval of Application.**

(a) Recommendation of Admissions Committee. After the submission of the documents required by Rule 2.11(a) ("Application for License - Required Submissions") and after the settlement of all claims asserted against the proposed licensor during the ten-day posting period set forth in Rule 2.11(b) ("Application for License - Posting of Notice"), the Admissions Committee shall meet to consider the application and thereafter shall make its recommendation to the Board. The Admissions Committee, in order to recommend that the Board approve the proposed licensing agreement, must find that the application for

license satisfies the provisions of this Section B of Chapter 2 ("Membership - Licensing Memberships") in all respects, that the proposed licensor is a member in good standing and has paid all dues, assessments, fees, fines and other indebtedness owing to the Exchange and that the licensing application satisfies the requirements set forth in Rule 2.11(a)(1) ("Application for License - Required Submissions").

(b) Action by the Board. The Board shall review the Admissions Committee's recommendation on an application to license a membership and shall take action upon such application as soon as practicable thereafter. If approved by an affirmative vote of two-thirds of the Board members voting, but by not less than twelve affirmative votes, the licensing agreement shall be deemed approved. The Secretary shall promptly inform the proposed licensor of the determination of the Board.

(c) Transfer Fee. The licensee of a membership shall, upon the Board's approval of his application for license, pay to the Exchange a transfer fee as set forth in Rule 2.30(d) ("Purchase of Memberships - Transfer Fee"). (Rule 2.12 Adopted 09/07/84).

#### 2.13 - Rights and Obligations of Licensee.

During the term of the licensing agreement, the licensee shall have all of the rights and obligations of membership, except the right to vote on matters which are the subject of ballot vote or petition by the general membership, the right to be appointed to those Regular Committees of the Exchange which are comprised solely of members of the Exchange, to purchase a membership (unless the licensee has been elected to membership in accordance with Rule 2.06), to transfer or sell the leased membership or to receive the proceeds realized from the sale of the leased membership. The licensee shall be bound by and comply with the By-Laws, Rules and Resolutions and may be disciplined in accordance therewith for failure to so comply. (Rule 2.13 Amended 01/26/93).

#### 2.14 Rights and Obligations of Licensor.

(a) Claims. Unless otherwise specified in the license or in any ancillary agreement as described in Rule 2.11(a)(4), the licensee's guarantor shall have a right of indemnification against the licensor for any and all claims against the licensee which have been satisfied in accordance with the terms of the guarantee, provided that the guarantor's right to indemnification shall be limited to the value of the licensed membership. The licensed membership may also be used by other members and the Exchange to satisfy any and all claims against the licensee which have not been satisfied by the licensee's guarantor.

(b) Assessments and Dues. The licensor shall be responsible for the payment of all assessments and dues levied on the licensed membership. (Rule 2.14 Amended 04/28/89).

#### 2.15 - Termination of License.

(a) Posting. Upon receipt of written notice that a license agreement will expire or otherwise terminate, filed in accordance with Rule