

CONFLICTS OF INTEREST

Rule 6.05. Conflicts of Interest Involving Named Parties in Interest

(a) *Definitions.* For purposes of this Rule the following definitions shall apply:

(i) The term "Family Relationship" shall mean the Person's spouse, former spouse, parent, stepparent, child, stepchild, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece or in-law.

(ii) The term "Named Party in Interest" shall mean a Person or entity that is identified by name as a subject of any matter being considered by the Board or a committee.

(b) *Prohibition.* No member of the Board or of any committee which has authority to take action for and in the name of the Exchange (not including any committee which is only authorized to make recommendations for action by the Board or some other committee) shall knowingly participate in such body's deliberations or voting in any matter involving a Named Party in Interest where such member (i) is a Named Party in Interest, (ii) is an employer, employee or fellow employee of a Named Party in Interest, (iii) is associated with a Named Party in Interest through a Broker Association, (iv) has a family relationship with a Named Party in Interest or (v) has any other significant, ongoing business relationship with a Named Party in Interest, excluding relationships limited to executing futures or option transactions opposite each other or to clearing futures or options transactions through the same Clearing Member. For purposes of clause (v) of the preceding sentence, a member of the Board or any such committee shall not automatically be deemed to have a 'significant, ongoing business relationship' with a Licensee or applicant for license as a Warehouse Operator solely because the member or any Affiliated Firm of the member stores a commodity in facilities maintained by such Licensee or applicant.

(c) *Disclosure.* Prior to consideration of any matter involving a Named Party in Interest, each member of the deliberating body shall disclose to the President, or his designee, whether such member has one (1) of the relationships listed in paragraph (b) of this Rule with a Named Party in Interest.

(d) *Procedure and Determination.* Exchange staff shall determine whether any member of the deliberating body is subject to a conflict restriction under this paragraph (d). Such determination shall be based upon a review of the following information:

(i) information provided by the member pursuant to paragraph (b), above, and

(ii) any other source of information that is maintained by and reasonably available to the Exchange.

Rule 6.06. Conflicts of Interest Involving Emergency and Other Significant Actions

(a) *Definitions.* For purposes of this Rule, the following definitions shall apply:

(i) The term "Emergency" shall have the meaning set forth in Rule 6.01.

(b) Whenever any Emergency or other significant action which, in the judgment of the deliberating body, is likely to have a material effect upon the price of any Commodity Contracts traded on or subject to the Rules or might otherwise have a material impact on the market for such Commodity Contracts is being considered by the Board or any committee which has authority to take action for and in the name of the Exchange (not including any committee which is only authorized to make recommendations for action by the Board or some other committee), the following procedures shall apply:

(i) *Disclosure.* Prior to consideration of the matter, each member of the Board or committee who desires to participate in deliberations or voting on such action shall disclose to the Board or committee position information that is known to such member, with respect to any particular month or months that are under consideration, and any other positions which the Board or

committee reasonably expects could be affected by the action under consideration. The size of positions shall be disclosed by reference to ranges as determined by the Board or committee and shall be made with respect to the following categories:

(A) gross positions in Commodity Contracts carried in (1) accounts in which the member's ownership interest is 10% or greater, (2) "controlled accounts" as defined in CFTC Regulation 1.3(j) and (3) accounts of any individual with whom the member has a "Family Relationship" as such term is defined in Rule 6.05;

(B) gross positions in Commodity Contracts carried in proprietary accounts, as defined in CFTC Regulation 1.3(y), at any Affiliated Firm of such member;

(C) net positions in Commodity Contracts in "Customer" accounts, as defined in CFTC Regulation 1.17(b)(2), at any Affiliated Firm of such member; and

(D) any other types of positions, whether maintained in Commodity Contracts or otherwise, that the Board or committee reasonably expects could be affected by the action being considered.

To the extent that a member desires to make the required disclosures but does not know position information with respect to any of the foregoing categories, the President or his designee shall make the disclosure for such member to the extent that such information can be obtained from data and clearing records readily available to the Exchange under the exigency of the action being contemplated.

(ii) Disqualification. Any member who does not want to make position disclosures must withdraw from the meeting before disclosure by other members begins and may not participate in the discussion of, or voting on, the matter under consideration. Any member who has, or whose Affiliated Firm has, a position required to be disclosed under paragraph (b)(i) (other than a position which the Board or committee has determined to be *de minimus*), shall be disqualified from voting and must withdraw from the room before a vote is taken. If such withdrawal results in the lack of a quorum, the Board or committee shall appoint an *ad hoc* committee comprised of those members who are not disqualified from voting and shall delegate to such *ad hoc* committee all the powers of the Board or relevant committee with respect to the matter under consideration. No member shall be disqualified from voting upon the appointment of an *ad hoc* committee solely because of positions held by such member or an Affiliated Firm of such member.

(iii) Documentation. The minutes of any meeting at which Emergency or other significant action is considered shall reflect the following information:

(A) the names of all members who attended the meeting in person or by electronic means;

(B) the name of any member who voluntarily recused himself or was required to abstain from deliberations or voting; and

(C) information on the position disclosures made by each member.

(iv) For purposes of this Rule, a Margin change shall not be deemed to have a material effect upon the price of a Commodity Contract traded on the Exchange or a material impact on the market, if such Margin change was made in response to a change in the price of any delivery month of such Commodity Contract which is equal to or less than 15% of the Settlement Price of such delivery month on the previous Business Day.