

Chapter 1

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Chapter 1

Membership

Privileges And Obligations

100.00 Personal Privilege. Membership in this Corporation is a personal privilege not subject to transfer, delegation or sale except as authorized herein. This Corporation incorporated as the Board of Trade of Kansas City, Missouri, Inc. which has been and is also referred to as the Corporation, the exchange, the Board of Trade, the Kansas City Board of Trade and KCBOT will hereinafter be referred to as the KCBT and at times the Board of Trade.

Note: A member, a firm, or a corporation represented by a member is entitled to apply to the Kansas City Board of Trade Clearing Corporation to be a clearing member.

100.01 Membership Rights.

- a. A Class AA or Full Membership is eligible to engage in activities as set out in these rules.
- b. A Class B Membership is restricted as set out in Rules 2450.00, 2451.00 and 2452.00.

101.00 Admission. Members shall be entitled to admission to the rooms of the Board of Trade as long as they remain a member, and no longer.

102.00 Responsibility Of Members. Any person approved as qualified for membership shall become and be subject to all the provisions of the Certificate of Incorporation, the By-laws, rules and regulations of the KCBT and before being entitled to the privileges of membership shall sign an agreement to abide by and comply with the provisions of the Certificate of Incorporation, By-laws, rules and regulations of the KCBT or the Board of Directors, and with all orders and resolutions of the Board of Directors and the Business Conduct Committee.

102.01 Defense Expenses. Any current or former member or member firm who fails to prevail in a lawsuit or any other type of legal proceeding instituted by that current or former member or member firm against the KCBT or any of its officers, Directors, committee members, employees or agents must pay to the KCBT all reasonable expenses, including attorney's fees, incurred by the KCBT in the defense of such proceeding. Any current or former member or member firm required to compensate the KCBT pursuant to this section shall be assessed interest on such amount at the rate of Prime plus 1%, which interest shall accrue from the date such amount was demanded in writing after the member or member firm failed to prevail in a lawsuit or any other type of legal proceeding against the KCBT.

103.00 Obligations Of Members. Every member of the Board of Trade shall promptly and faithfully comply with and fulfill all business obligations, whether with other members or with other parties, and shall equitably and satisfactorily adjust and settle the same.

104.00 Firms Represented By Members. All provisions of the Certificate of Incorporation, By-laws, rules, regulations and resolutions of the Board of Trade shall apply to firms and corporations represented by a membership in said Board of Trade, and each member of the Board of Trade who is a member of a partnership, or an officer, director, or stockholder of a corporation, shall be responsible (to the extent of the value of the membership only) for the acts, default, or misconduct of such firm or corporation the same as though committed by the member. The membership shall be subject to the payment of such claims, fines, suspensions, expulsions, and penalties for the acts, default, or misconduct of the firm or corporation, as it would be for the member's individual acts.

105.00 Liability for Assessments and Dues. When purchasing a share of stock of the KCBT, when a bid and offer match, ownership transfers and the buyer shall be liable for all dues and assessments from that time forward. The seller's ownership and membership privileges cease when a bid and offer match unless the seller is, at that time, the owner of another share of stock in which case the seller's membership privileges shall not be interrupted. A seller of a share of stock who has delegated an attendant membership may not sell such share until the expiration

or termination of such delegation agreement.

Note: Approved by the Board of Directors March 29, 1988, see page 1165 of the Board's minutes.

Who May Apply For Membership

106.00 Qualifications. Any person of good character and credit, and of legal age, on presenting a written application, endorsed by two (2) members and stating the name and business vocation of the applicant, may be approved as qualified.

107.00 Membership Status; Kansas City Board of Trade Clearing Corporation (hereinafter referred to as the Clearing Corporation). The officers of the Clearing Corporation shall, by virtue of their membership in the KCBT, be deemed to confer on said Clearing Corporation all the privileges of membership incident to any firm or corporation represented by membership, but such officers shall not by reason of such representation be liable in any manner under any rules of the KCBT for any of the debts of said Clearing Corporation.

Note: Name change by action of Board of Directors, December 17, 1985, see page 1062 of Board minutes.

Representation

110.00 Membership Privileges To Firms, Partnerships, and Corporations; Registration. No firm, partnership, or corporation shall be permitted the privileges of trading accorded to members of the KCBT unless one (1) of the partners, or an executive officer of the corporation, has been approved as a member and is registered as representing such firm, partnership, or corporation.

111.00 Executive Officer Defined. For the purpose of Rule 110.00, an "executive officer" shall mean any person elected by the board of directors of a corporation to a position established pursuant to and having duties prescribed by the charter or by-laws of the corporation and which duties pertain to the management of the corporation, or any division thereof.

Note: See OPIN 1-111.00-1.

111.01 Certification. Certification of the foregoing authority shall accompany the application of the executive officer applying for membership and shall be deemed to be continuously in full force and effect until notice to the contrary has been duly filed with the Office of the Secretary.

111.02 Not bona Fide. If any corporation shall, upon investigation, be found not to be represented by a real, bona fide, and responsible executive officer, or if it shall be found as to any member that the position of executive officer has been created by the corporation represented solely for the purpose of obtaining membership privileges for such corporation, such member's right to use the name of the corporation as the principal on any trade or contract shall then cease.

112.00 Representation Registration. Every member shall register with the Secretary the name of the person, partnership, or corporation such member represents. Such representation shall not be changed to any other person, partnership, or corporation except upon application made to and with the approval of the Board of Directors.

112.01 Membership Representation – Qualified Categories. Representations registered with the exchange pursuant to Rule 112.00 are limited to the following qualified categories:

1. **Individual** – A member may only register as representing themselves as an individual if such member owns the membership (share of stock) or is a delegate pursuant to Rule 199.00.
2. **Owner** – A member may register as representing an entity if such member has a significant bona fide ownership interest or controlling authority in the entity.
3. **Employee** – A member may register as representing an entity if such member is a bona fide employee of the entity.

If any member shall, upon investigation, be found not to be a bona fide owner or employee of the entity such member is registered with the exchange as representing, such member's rights and privileges of membership shall cease.

114.00 May Not Represent Two Firms. No member can represent two (2) corporations or two (2) firms, or a firm and corporation, for the purpose of giving both membership privileges.

Limitations

120.00 Limit on Ownership of Shares. No person (i.e., individual, corporation, partnership, association, joint stock company, trust, or unincorporated association) or associate of any person as defined herein, may own directly, indirectly, or through an affiliate (i.e., a person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with such person) more than twenty percent (20%) of all then issued and outstanding Class AA shares of common stock in the Corporation, provided however, that any person owning more than 15 shares of Class AA common stock shall, by proxy, assign their voting rights in all such excess shares (up to the maximum 20%) to the Board of Directors to vote with the Board on any matters put to a shareholder vote. The term "associate" used to indicate a relationship with any person means:

- a. Any corporation or organization (other than the corporation or a majority-owned subsidiary of the corporation) of which such person is an officer or partner, or is directly or indirectly the beneficial owner of ten percent (10%) or more of any class of equity securities;
- b. Any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and
- c. Any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person, or who is a director or officer of the corporation or any of its parents or subsidiaries.

Any shares acquired in violation of this rule must be sold in the same manner as provided for in these rules in the case of any expelled member.

Notes: 1. "Indirect ownership" normally will include the situation where a firm has provided the funds for the purchase of a share of stock, and such share of stock is held in the name of an individual who is an officer, partner employee. "Indirect ownership" does not cover a normal guaranty by otherwise unrelated parties such as is often the case of pit traders, even if the guaranteed member clears through the guarantor.

2. See also Rule 188.00, Mandatory Sale of Share; Priority of Claims.

122.00 Change In Status; Unapproved Partners Or Corporations. Whenever it shall appear that any member has formed a partnership with one (1) or more persons, not members, or has become an officer of a corporation that was not previously represented by membership, and that thereby the interest and good repute of the KCBT may suffer, the Business Conduct Committee may, after an investigation of the facts in the case, require the member to withdraw from such partnership or corporation, and if the member fails to do so within a reasonable time to be fixed by the Business Conduct Committee, such member shall be suspended from all privileges of the KCBT until the member shall have severed their connection with such partnership or corporation.

Approval For Membership

130.00 Approval Procedure. An applicant may be approved as qualified for membership in the KCBT after notice of such application has been posted on the bulletin board of the KCBT, and after submitting, if requested, to a personal examination by the Board of Directors or a committee designated by them, as to such applicant's personal, moral, and financial responsibility. At least eight (8) affirmative ballot votes of the Board of Directors, there being not less than 10 (10) Directors present and voting, shall be required to approve such applicant as qualified for membership in the KCBT. A membership application not approved is an "access denial" subject to CFTC review, and the notice provisions of Chapters 14 or 33 apply thereto.

131.00 Membership Committee; Duties. It shall be the duty of the Membership Committee to review each membership application and to recommend that the Board of Directors approve or disapprove the applicant. Prior to recommending disapproval, the Committee shall advise the applicant as to the reason(s) the Committee is considering such recommendation and afford the applicant an opportunity for a hearing with counsel. A final denial recommendation shall be in writing, stating the reason(s) therefore. Such report will be given to each Director for the Board vote. If the Board of Directors votes to deny the application, that denial will be deemed to be based on the Membership Committee's written report, which shall thereafter be submitted to the CFTC and the applicant.

132.00 Misrepresentation By Applicant. If any applicant shall intentionally or willfully misstate or suppress any material fact or be guilty of any other fraudulent or dishonest act to secure approval as a member, and thereafter and thereby becomes a member, such fact shall be immediately reported to the staff for investigation. Such matters shall be handled as a rule violation.

133.00 Stock Purchase Required. Upon being approved for membership, such person shall be entitled to, and shall be required to purchase one (1) share of the common stock of the KCBT at a price determined in accordance with these rules.

134.00 Shareholder of Record: Issued. Upon approval of an applicant as a member, the share of stock purchased shall be issued in the member's name. The true owner thereof shall give its instructions to the Secretary as to whom such certificate shall be delivered or endorsed. However, the member in whose name the share has been issued shall be the stockholder of record for all purposes so far as the KCBT is concerned.

Purchase And Sale

140.00 Procedure. Any purchase and sale of a share of common stock shall be effected through the Secretary of the KCBT who will handle the transaction for the account of the buyer and seller.

Notes: 1. All purchases and sales of shares of common stock must be submitted to the Secretary's Office on a fully executed Bid to Purchase/Offer to Sell Form available at the Secretary's Office. All withdrawals of a bid or offer similarly must be fully executed on this form and filed with the Secretary

2. See RES 1-140.00-1, Exception.

140.01 Offer. An owner of a share wishing to sell such share must offer it through the Secretary's Office. The offer must be accompanied by surrender of the share being sold, duly endorsed.

140.02 Bid. Anyone intending to buy a share must file a bid with the secretary. The bid shall contain an agreement by such individual to take no recourse against the KCBT in the event he is not elected by the Board to membership, except as may be permitted under Section 8c of the Commodity Exchange Act as amended, and a release of the exchange of any claim or right that such individual would otherwise have had by reason of such failure to be so elected. If any purchase of a share of stock is being financed by a person other than the buyer, such buyer shall file satisfactory proof as required by the KCBT that the financing party is aware of the provisions of this Rule and Rule 140.06.

Note: Approved by The Board of Directors March 29, 1988, see page 1165 of the Board's minutes.

140.03 Price Posted. All registered bids and offers shall be in accordance with the price requirements of these rules and shall be posted promptly on the bulletin board of the KCBT.

140.05 Transfer of Share and Distribution of Sales Proceeds. Upon the match of the bid and offer for the share of common stock as provided in Rule 140.02, the secretary may give a written notice to all share holders of such purchase and sale, and the share shall be transferred to the buyer promptly and, unless a claim has been filed as provided in Rule 183.00 and other applicable rules, the proceeds from the sale shall be distributed to the seller following the tenth (10th) business day after the first day of the posting as required by the rules.

Note: Approved by the Board of Directors March 29, 1988, see page 1165 of the Board's minutes.

140.06 Application for Membership Status — Failure to Obtain a Membership Status. The buyer of a share of common stock shall, if he does not already have membership status, apply for membership status within five (5) business days after purchasing a share of common stock. The buyer shall properly complete an application for membership status and file the same with the secretary. If the buyer of the share is denied access to membership status, or if for any reason his application is withdrawn, the KCBT shall retain the transfer fee and the purchaser shall sell his share as hereinafter provided. The buyer shall assume all risk of gain or loss from the resale of the share. The buyer shall take all necessary steps to affect a sale of the share purchased by him within forty-five (45) calendar days after notification of his denial by the KCBT of access to membership status, withdrawal of his application, or failure to file an application as required above. The Membership Committee may, but is not required to, grant an extension of time from the date of notice of denial by the KCBT for a sale of the stock if, in the judgment of the committee, all administrative remedies have not been exhausted. If the buyer fails to affect a sale within the time period specified above, the exchange shall conduct an auction sale on the floor of the KCBT at a time to be specified, on the fifth (5th) business day after notice of such forthcoming sale has been posted on the bulletin board. The highest bid to purchase then on file with the KCBT shall be considered the initial bid at the auction. Thereafter, any person, whether a member or non-member, may attend and bid at the auction. The total amount realized from the auction sale of the share of stock, less any amounts due for dues, assessments, fines and claims, shall be remitted to the party who has failed to apply for membership status, been denied access to membership status, or has withdrawn his application for membership status in full satisfaction of all obligations of the KCBT.

Note: Approved by the Board of Directors March 29, 1988, see page 1165 of the Board's minutes.

141.00 Minimum Price. The minimum price at which a share of the common stock of the KCBT purchased before December 31, 1982, may be sold or accepted for transfer through the Secretary's Office, and the maximum price at which the same may be purchased by the KCBT shall be determined by the Board of Directors each year

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promptly after completion of the annual audit by independent certified public accountants employed by the KCBT and shall be computed by the combination of the following factors:

- a. The book value of the KCBT as of the last certified audited period in accordance with sound accounting principles consistently followed by the KCBT;
- b. Such book value adjusted by including therein the market value of investments, the book value of the capital stock of the Clearing Corporation determined in the same manner as the book value in paragraph a but adjusted to reflect the appraised value of any real property owned by the Clearing Corporation or any subsidiary of it;
- c. Such book value further adjusted by including the KCBT's proportion of the book value of the Board of Trade Investment Company determined in the same manner as the book value in paragraph a but adjusted to reflect the appraised value of the real property owned by the Board of Trade Investment Company;
- d. Such appraised values shall be determined once each year as of the end of the fiscal year of the Board of Trade Investment Company by an appraiser selected by the KCBT Board of Directors and whose appraisal shall be final when approved by such Board of Directors; and
- e. Such total book value as adjusted divided by the number of shares then issued and outstanding and not in the treasury of the KCBT multiplied by a factor of seventy-five percent (75%) shall be the minimum price per share.

142.00 Purchase From The KCBT. No person shall be approved as qualified for membership as provided for herein except upon transfer of a membership so provided for elsewhere or except upon the payment in cash to the KCBT of such sum as may be fixed by the Board of Directors, there being not less than ten (10) Directors present and voting, but in no event less than the greater of \$15,000 or 125% of the share price as fixed in Rule 141.00 disregarding paragraph (e) thereof.

142.01 Sale by Members First. In order to afford members the opportunity to sell their shares of stock before the KCBT sells shares of stock itself, any share(s) of stock available for sale at the same or a lesser price shall be sold before the KCBT itself sells shares of stock; however, no sale shall be made by the KCBT until the applicant has posted a bid for ten (10) days at the price at which the Directors propose to sell such individual a share of stock.

143.00 Buy-Back By The KCBT. If the owner of a share purchased before December 31, 1982 is unable to sell the same in the manner permitted by these rules within thirty (30) days from the date of posting, the KCBT, upon demand by such stockholder, shall be obligated to purchase the same at the price fixed from time to time by these rules. For shares sold after January 1, 1983, this rule does not apply. the KCBT shall be obligated to purchase upon demand at least ten (10) memberships in each calendar year, any membership for which demand for purchase is made under Rules 188.00 or 190.00, and may purchase shares if authorized by the Board of Directors by an affirmative vote of at least ten (10) members thereof. Such shares shall be purchased in the order in which written demand to purchase has been received by the KCBT. If the KCBT is unable or is unwilling (after the purchase of ten (10) shares) to purchase any share within thirty (30) days after demand has been received the owner thereof shall be free to sell the same at any bid price acceptable to the owner, such sale to be effected in the manner, and subject to the provisions and restrictions contained in these rules.

143.01 Sale of Class AA Common Stock, Series 1. Recapitalization of the Board of Trade, as approved by the CFTC on July 16, 1987, resulted in the issuance of two replacement types of Class A common Stock. One, called Class AA Common Stock, Series 1, covers stock purchased prior to December 31, 1982. The other, called Class

AA Common Stock, Series 2, covers stock purchased subsequent to December 31, 1982.

The purchase and sale of a share of Class AA Common Stock, Series 2 shall be as set out elsewhere in these rules.

Upon the sale of a share of Class AA Common Stock, Series 1, the owner of such share shall have the right to receive from the KCBT in partial redemption of such Class AA share an amount equal to the lesser of (a) 75% of the adjusted net asset value of such share at the time of sale minus the gross sales price of such Class AA share, or (b) \$10,000.00, and the purchaser of such share shall receive a Class AA Common Stock, Series 2 share for each Class AA Common Stock, Series 1 share purchased.

In no event shall the KCBT be liable under such share of Class AA Common Stock, Series 1 for the payment of more than ten thousand and no/100 (\$10,000.00). The limited right of partial redemption may be exercised only in the event of the first sale following the effectiveness of the amendment creating Class AA Common Stock to a third party of said Class AA Common Stock, Series 1 share. Any Series 1 shareholder who exercises ones limited right of partial redemption shall thereafter be ineligible for a period of two (2) years to purchase a share of stock of any class or character of the KCBT or to be a delegate under a delegation agreement as defined in the rules of the KCBT.

144.00 Sale of Stock; Non-Member Applicant. In the event of a sale where the buyer of a share of common stock is not a member, the buyer shall become and be subject to all the provisions of the by-laws, rules, regulations, all orders, and resolutions of the Board of Directors or any committee.

Note: Approved by the Board of Directors March 29, 1988, see page 1165 of the Board's minutes.

145.00 Restriction On Certificate. The form of certificate for the common stock of the KCBT shall be as adopted by the Board of Directors. Each share of the common stock issued by the KCBT shall contain, on the face thereof, the following legend:

"The purchase, ownership, sale, pledge, transfer or registration of the share of the capital stock of this Corporation represented by this certificate, and of the membership rights and privileges relating to such share are restricted by the Certificate of Incorporation and by the Rules of the Corporation, all as may be amended from time to time. No sale, transfer or registration may be made except in accordance with the same, and any attempted sale, transfer or registration of such share or membership not in strict accordance with the provisions of such Certificate of Incorporation and Rules shall be void."

"Each share is subject to a lien for charges and claims in favor of the Corporation as issuer as provided for in the Certificate of Incorporation or Rules."

"The Certificate of Incorporation and Rules are available for inspection during regular business hours in the business office of the Corporation in Kansas City, Missouri."

Membership Transfer

150.00 Transfer Of Membership. The membership of any member who has paid all assessments due and who has no outstanding unadjusted or unsettled claims or contracts held by members of the KCBT and which membership is in no way impaired or cancelled, shall upon payment of the applicable transfer fee, be transferable upon the books of the KCBT to any person eligible to membership who may be approved by at least eight (8) affirmative votes of the Board of Directors, there being not less than ten (10) Directors present and voting.

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150.01 Application For Transfer. Application for such transfer shall be posted on the bulletin board of the KCBT as required in Rule 130.00. If no objection is filed, it shall be presumed that there are no outstanding claims against the member.

150.02 Endorsement Of Stock Certificate. Prior to the transfer of any membership, the certificate of stock relating thereto shall be endorsed and delivered to the Secretary.

150.03 Transferee Receive Stock Certificate. The transferee of any membership shall be entitled to receive one (1) share of the common stock of the KCBT in accordance with these rules.

150.04 Executive Officer Transfer. A corporation in good standing that owns a share of stock and is represented by one (1) of its executive officers may transfer such representation to another bona fide executive officer.

150.05 Partner Transfer. A partnership in good standing, which owns a share of stock and is represented by one (1) of its partners, may transfer such representation to another partner (unlimited).

150.06 Deceased Member Transfer. The membership of a deceased member, if owned personally, shall be transferable by the legal representative. If owned by a firm, which the deceased member represented, the membership shall be transferable by such firm. In either event, such transfer shall be in accordance with all provisions of these rules, including the payment of the appropriate transfer fee.

151.00 Military Service. Whenever any member of the KCBT shall have transferred a membership to another person during the continuance of any war to which the United States shall be a party and such member shall have engaged in the military or naval service of the United States during such war and thereafter within one (1) year from the conclusion of such war again applies for membership, such person shall be admitted to membership without charge for transfer.

Posting Periods

160.00 Posting Period; Time Off Floor. In the event of a sale of a share or transfer of a membership, the time period for posting, and the time period when the applicant, and seller, if an ownership transfer is occurring must be off the floor shall be:

- a. One (1) business day for change of an executive officer; change of a partner; change of membership from one (1) employee of a firm in good standing to another employee of such firm; change where the applicant is a known applicant with a known guarantor; and change of status where there is no significant change in the financial condition of the entity, such as change of name, formation, or changes in a partnership, incorporation, corporate merger, or reorganization (the latter as defined in Section 368 of the Internal Revenue Code, as amended).
- b. Ten (10) business days for an unknown applicant with a known guarantor; for any applicant and unknown guarantor or firm; or where there is a significant change in the financial condition of the entity.
- c. One (1) business day where the membership is owned in a no-name or inactive status by a known

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member or firm, or ten (10) business days where to be held in a no-name or inactive status by an unknown person or firm. When a natural person is subsequently submitted for approval to hold such membership and thus have floor and trading rights, one (1) or ten (10) days will apply as applicable to the facts.

- d. If there is a change of firm representation by a member, one (1) or ten (10) business days will apply as applicable to the facts.
- e. This Rule 160.00 is intended to be applicable only so long as the financial requirements in effect May 23, 1979, including FCM financial requirements, are in effect.

161.00 Minimum Posting Period. The posting periods are minimum, and may be extended by the staff, Membership Committee, or the Board of Directors in order to obtain additional information necessary for approval, to get a quorum, etc.

162.00 Definitions. As used in these rules, the following terms shall be defined as follows:

- a. **Known Applicant.** Known applicant shall mean a person who at some time during part or all of the three (3) year period prior to the current application has been a member of the KCBT in good standing and who was in good standing at the time such person ceased to be a member.
- b. **Known Firm Or Known Guarantor.** Known firm or known guarantor shall mean a person or firm who has on file with the Board of Trade a current approved financial statement, including a 100% affiliated corporation, where the approved entity guaranties the trades of the affiliated or related corporation, and is in good standing and in compliance with all financial and other requirements.
- c. **Good Standing.** Good standing shall mean not having been fined, warned, suspended, expelled, or under suspension or expulsion, as a result of a disciplinary hearing for violation of KCBT rules, within the three (3) years ending with the time the person or firm ceased to be a member.
- d. **Unknown Applicant.** Unknown applicant, member, or firm shall mean all other persons or firms, including a "new" business entity resulting from a change of status where there is a significant change in the financial condition.

FEES

170.00 Fees Assessed. The following fees shall be assessed:

- a. **Ownership Change.** A fee of \$500.00 shall be paid to the KCBT by the buyer when ownership of a share is changed. Upon payment thereof, no additional fee shall be required when application is made for a person to be assigned the membership privileges attached thereto (i.e., a sale).
- b. **Membership Change.** A fee of \$300.00 shall be paid to the KCBT when the ownership of a share does not change, but application is made for a different person to be accorded the membership privileges attached thereto (i.e., a transfer).
- c. **Subsequent Ownership Change.** If a fee of \$300.00 has been paid for the change of membership privileges of a share and that person subsequently acquires the ownership of that share, an additional fee of \$200.00 is to be paid to the KCBT.

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- d. **Ownership in Deceased Member.** The foregoing fees are applicable to a share owned by a deceased member under the same circumstances.
- e. **Change Of Representation.** Every application by a member to change representation shall be subject to the payment of a fee of \$100.00.

Note: Examples would include change of name of corporation, representation by the same member/owner of a different firm, merger of two corporations, etc.

Claims Against Members And/Or Memberships

180.00 Liens Against Shares. No claim against any member shall constitute a lien against the share of that member unless the claim is filed with the Secretary within sixty (60) days from the date of the transaction giving rise to the claim and the claim is submitted to arbitration pursuant to Chapter 15, Chapter 16, or Chapter 31 within sixty (60) days from the date of the transaction giving rise to the claim unless the member against whom the claim is made acknowledges the same to be correct and due.

Note: As amended by the Board May 26, 1981, see page 742 of the Board's minutes.

Voluntary Sale

181.00 Settlement of Claims. Where a purchase and sale of a share of stock occurs, the share may be transferred to the buyer but the proceeds shall be held by the KCBT for the payment of claims until all claims have been paid, withdrawn, or disposed of in accordance with Rule 185.00 and other applicable Rules.

Note: Effective April 3, 1986, as amended by the Board of Directors January 28, 1986, see page 1067 of the Board's minutes.

182.00 Unmatured Debts. All unmatured debts or other obligations of the member shall become due and payable immediately prior to distribution of the proceeds from the sale of the share of stock to the transferor of the share, and all claims filed with the Secretary shall, and if, to the extent that the same are allowed by the Board of Directors, be liquidated and paid pro rata out of the proceeds of sale share before distribution of the proceeds to the seller.

Note: 1. As amended by the Board May 26, 1981, see page 742 of the Board's minutes.
2. Effective April 3, 1986, as amended by the Board of Directors January 28, 1986, see page 1067 of the Board's minutes.

183.00 Failure to File Claim. A shareholder shall forfeit all rights to share in the proceeds from the sale of the share unless a statement of claim is filed with the Secretary within 10 business days of the first day of posting as required by Rule 160.00; but such claim, as allowed by the Board of Directors, may be paid out of any surplus remaining after all other claims allowed by the Board of Directors have been paid in full.

Note: Effective April 3, 1986, as amended by the Board January 28, 1986, see page 1067 of the Board minutes.

184.00 Claims Of Partners. Claims growing out of transactions between partners who are members of the KCBT shall not share in the proceeds of the share of one (1) of such partner until all other claims, as allowed by the

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Board of Directors, have been paid in full.

185.00 Proceeds; Priority Of Claims. If the transferor within ten (10) days from the date of posting shall not have paid all claims found valid by the Board of Directors as in this Chapter provided, then the proceeds of the share shall be paid over to the Secretary and upon the order of the Board of Directors shall be applied by the Secretary in the following order of priority:

- a. **First Priority.** The payment of all fines, dues, assessments, and charges of the KCBT or the Clearing Corporation against a member whose share is transferred.
- b. **Second Priority.** The payment to creditors who are members of the KCBT or firms registered therein, of all filed claims arising from exchange business, if and to the extent that the same shall be allowed by the Board of Directors. If said proceeds shall be insufficient to pay said claims, as so allowed, in full, the same shall be applied to the payment thereof pro rata.
- c. **Third Priority.** The payment to non-members of judgments of the Committees of Arbitration or Appeals and of all filed claims arising from contracts subject to the rules and regulations of the KCBT, if and to the extent that the same shall be allowed by the Board of Directors. If the proceeds shall be insufficient to pay said judgments and claims in full, the same shall be applied to the payment thereof pro rata.
- d. **Fourth Priority.** The surplus, if any, of said proceeds shall be paid to the person whose share is transferred, or to the legal representatives of such person upon the execution by such persons of a release(s) satisfactory to the Board of Directors.

Note: As amended by the Board May 26, 1981.

Compulsory Sale

187.00 Expulsion Or Ineligible For Reinstatement. When a member is expelled or becomes ineligible for reinstatement, the member shall be deemed to have surrendered and resigned from membership in the KCBT, and all privileges and property interest, if any, pertaining thereto and resulting therefrom, and all privileges and property interests, if any, in said membership shall be thereby terminated, and the share of stock owned by such member shall be sold in accordance with these rules.

188.00 Mandatory Sale Of Share; Priority Of Claims. When a member is expelled or becomes ineligible for reinstatement, and all investments and property rights under the membership are terminated, as provided in Rule 187.00, the share of common stock of the KCBT issued in the name of the member, shall have no voting rights, the owner of record shall be obligated to sell such share or demand its purchase by the KCBT within ninety (90) days after such final termination, and the proceeds derived from the sale thereof shall be retained by the Secretary and applied in the following order of priority:

- a. **First Priority.** The payment of an amount equal to the usual transfer fee, all fines, dues, assessments, and charges of the KCBT or the Clearing Corporation against the person whose membership has been terminated.
- b. **Second Priority.** The payment to creditors who are members of the KCBT, or firms registered therein, of all filed claims arising from exchange business, if and to the extent that the same shall be allowed by the Board of Directors against the person whose membership has been terminated. If such proceeds shall be insufficient to pay said claims as so allowed, in full, the same shall be applied to the payment thereof pro rata.

- c. **Third Priority.** The payment of judgments of the Committees of Arbitration or Appeals and of all filed claims arising from contracts subject to the rules and regulations of the KCBT, if and to the extent that the same shall be allowed by the Board of Directors. If the proceeds shall be insufficient to pay said judgments and claims in full, the same shall be applied to the payment thereof pro rata.
- d. **Fourth Priority.** The surplus, if any, of said proceeds shall belong to and become the property of the true owner of such share.

Note: As amended by the Board May 26, 1981.

189.00 Deposit. In lieu of such mandatory sale, the true owner of such share may deposit with the KCBT the amount which would have been received by a sale to the KCBT to be applied in the manner provided for in Rule 188.00 and may thereupon retain ownership of such share.

190.00 Failure To Comply. On failure of the record owner to comply with Rule 188.00 or 189.00, the KCBT may declare the certificate representing such share to be surrendered and cancelled and thereafter sell the share represented thereby and apply the proceeds in the manner provided in Rule 188.00 except that the surplus referred to in Rule 188.00(d) shall become the property of the KCBT.

Reinstatement

192.00 Application For Reinstatement. When a member has been suspended under the rules and regulations of the KCBT, such member shall not be readmitted to the privileges of the KCBT until all outstanding claims with all of such member's creditors, including all obligations owed the KCBT, have been adjusted and satisfactorily settled. All such applications for reinstatement shall be made in writing and shall include a list of such member's creditors, a statement of the amounts originally owing, and the nature of the settlement in each case. All such applications shall be filed with the Secretary who shall notify each member of such application directly, and who shall post notice thereof on the bulletin board at least fifteen (15) business days prior to the consideration of the application by the Business Conduct Committee. If the applicant furnishes satisfactory proof of settlement with all creditors and if no objections to reinstatement are made, the application may be approved by the Business Conduct Committee, and its written decision and the application shall be immediately forwarded to the Board of Directors for balloting. The Business Conduct Committee shall issue a written decision on all applications for reinstatement within fifteen (15) business days. The written decision shall include:

- a. Identification of the applicant;
- b. Brief summary of any evidence submitted; and
- c. Brief summary of findings and conclusions and the reasons therefore.

193.00 Appeal From Business Conduct Committee. If after consideration, the Business Conduct Committee disapproves the application for reinstatement, the applicant may appeal such decision to the Board of Directors. Such appeal must be filed with the Secretary within the time and in the form prescribed by Chapter 14 or Chapter 33 as applicable. The appeal procedures of Chapter 14 or Chapter 33 shall apply.

194.00 Subsequent Votes. If the application, after having been approved by the Business Conduct Committee, fails to receive the approving vote of two-thirds (2/3) of the members of the Board of Directors, the applicant shall be entitled to be balloted for at least two (2) subsequent regular meetings of the Board of Directors to be designated

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by the applicant; provided however, that the three (3) ballots to which the applicant shall be entitled, shall be within one (1) year from the date of suspension, or within such further extended time for settlement as may have been granted by the Business Conduct Committee. Prior to each consideration by the Board of Directors, the application must be considered and approved by the Business Conduct Committee.

195.00 One Year Grace. A member suspended under the rules and regulations of the Board of Trade shall have one (1) year to make application for reinstatement unless the Business Conduct Committee, by two-thirds (2/3) vote of the members present, extends the time for making such application, but each such extension of time shall not exceed one (1) year. If the suspended member:

- a. Fails to settle the claims of creditors, including obligations owed the Board of Trade, and fails to apply for reinstatement within one (1) year from the date of suspension;
- b. Fails to settle the claims of creditors, including obligations owed the Board of Trade, and fails to apply for reinstatement within such further time as the Business Conduct Committee may have granted; or
- c. Fails to obtain reinstatement as provided herein, the membership held by such member may be disposed of by the Board of Directors.

196.00 Irregularities By Suspended Member. Whenever it shall be determined that a member suspended under the rules and regulations of the KCBT has engaged in irregularities or unbusinesslike dealings, prior to or subsequent to such suspension, upon approval of the Business Conduct Committee and on two-thirds (2/3) vote of all the members of the Board of Directors, said member shall be declared ineligible for reinstatement.

197.00 Reinstatement Not Permitted. Any person expelled from or deemed to have resigned the privileges of membership in the KCBT shall not again be admitted to membership except as a new applicant.

199.00 Delegation. The rights and privileges of a Class AA share of stock and a Class B share of stock and the attendant membership rights and privileges may be delegated to an individual (a "delegate") upon the following terms and conditions:

- a. The Delegate shall be approved by the Membership Committee and the Board under the standards of Rule 106.00, and shall sign a written agreement* to observe and be bound by the Charter, Rules and Regulations of the KCBT, and all amendments subsequently made thereto.
*This agreement is in the Delegate-application form
- b. The delegation agreement, any amendment thereto, and any termination, revocation, or renewal thereof, shall be in writing in such form as the Board may prescribe**, and a copy thereof shall be filed by the member with the Secretary of the KCBT as a pre-condition to its effectiveness: provided, however, the delegation agreement shall be automatically null and void upon the happening of any of the following events:
 - (1) Loss of any of the qualifications for entering into a delegation agreement, such as sale of the membership of the member or expulsion of the member or the delegate; or
 - (2) Bankruptcy of either the member or the delegate.

**The Board has adopted a Standard Delegation Agreement which must be used, and which may be obtained from the KCBT office.

- c. (1) The member shall remain liable for the debts, acts and delinquencies of the delegate arising

from the delegate's exercise of rights and privileges of membership, but only to the extent of the value of the share of stock so delegated. The share of stock so delegated may be sold to satisfy any such liability in accordance with the Rules and Regulations of the KCBT. In no event shall the member be liable for the debts, acts and delinquencies of the delegate in excess of the total value of the share of stock delegated. Delegating shall not relieve the member of any of the obligations or liabilities which might otherwise exist by virtue of being the owner of a share of stock and a member of the KCBT to other members of the KCBT; and

(2) Upon the termination or expiration of the delegation agreement, the Secretary shall give written notice thereof to all members and delegates. Thereafter, all members and delegates who may have claims against the delegate may file claims in the same manner as provided in the Rules of the KCBT for filing of claims. The member entering into a delegation agreement shall be responsible for payment of those claims allowed by the Board and not satisfied promptly by the delegate, but only to the extent of the value of the share of stock so delegated.

- d. A delegate shall not be entitled to register under the rules of the KCBT to represent a partnership or corporation.
- e. The Board, in its discretion, may impose fees, charges and assessments upon members and delegates under this Rule.
- f. Upon the filing of a delegation agreement or renewal notice with the Secretary of the KCBT, notice thereof shall be posted promptly on the bulletin board, shall be communicated to the Membership and shall be sent to the primary clearing member for the member party to the delegation agreement.
- g. Delegating by Deceased Member's Estate - The legal representative of a deceased member's estate, during the pendency of probate of the deceased member's estate, may delegate such deceased member's trading privileges.
- h. Floor Access of Delegating Members — A member who has delegated the share of stock and attendant membership rights and privileges shall not have physical access to the floor of the KCBT during the effective period of such delegation.
- i. Rights of Owner After Delegation — Notwithstanding other provisions of this rule, an owner of a share of stock who has delegated the share of stock and attendant membership rights and privileges shall continue to have all of the obligations as provided in the certificate and the rules of the KCBT, but, during the time of such delegation, the rights and privileges of the delegating member shall be limited as follows:

(1) The delegating member shall not have physical access to the floor of the KCBT, nor the right to serve as an officer, director, or on any committee, nor any other rights and privileges of membership, except the right to vote the share of stock so delegated as provided in the certificate, during the effective period of such delegation except that said delegating member may nonetheless thereafter enter on the trading floor, but only under one of three conditions:

- (a) As a visitor subject to the usual rules and restrictions for a visitor, such as they may conduct no business, or
- (b) As a floor clerk, if properly registered, subject to the usual rules and restrictions for a floor clerk, or
- (c) If such person is fully retired, and no longer active in business, and has been issued a card in recognition thereof.

(2) Notwithstanding other provisions of this paragraph (i) and subparagraphs thereof, an owner of a share of stock who has delegated the share of stock and attendant membership rights and privileges may have all membership rights and privileges associated with another share of stock owned by such member and may have such membership privileges attendant to another share of stock owned by someone else such as a corporation or partnership leased or assigned to such person as an officer, employee or partner of such corporation or partnership, provided there has been a separate application, full disclosure, and approval by

- the Membership Committee and the Board of Directors.
- j. Minimum Delegation Term — No delegation agreement shall have a term of less than three (3) months.
 - k. Maximum Delegation Term — None; however, all delegation agreements are subject to any subsequent rule amendments adopted after execution of said agreement.
 - l. Applications for Delegation — Notwithstanding any other Rules, each applicant for delegation status must demonstrate a positive personal net worth and positive personal net liquid assets in order to qualify for Membership Committee approval.
 - m. Financial Standards — Delegates must meet the same financial standards as do members, or secure the same type of guarantee in lieu thereof.
 - n. Voting Rights — the delegate shall not have voting rights.
 - o. A firm or corporation may delegate a share of stock that it owns with attendant membership rights and privileges.

NOTE 1 — SUPPLEMENTARY INFORMATION:

- (a) What types of memberships can be delegated?
Regular (AA) Memberships and Limited (B) Memberships.
- (b) Who may enter into a delegation agreement?
A delegation agreement may be made between an individual Regular (or limited) member and a delegate subject to satisfactory financial status of the delegate, or a guarantee in lieu thereof and approval from the Membership Committee and the Board of Directors.
- (c) What is the approval procedure for a prospective delegate?
The prospective delegate and the member-owner must sign the Standard Delegation Agreement, and file it and the application with the KCBT executive office. Prospective delegates are subject to the KCBT's standard procedures for the processing and approval of applications. As a prerequisite for approval, each prospective delegate also must file a Primary Clearing Member Authorization with the KCBT. (An authorization form is included with this package.)
- (d) What does the delegate receive from the member under a delegation agreement?
The use of the delegated membership for trading privileges of such membership on the KCBT floor.
(Note: only one individual may have the use of a particular membership at any given time.)
- (e) Will the KCBT provide a Standard Delegation Agreement?
Yes. The Standard Agreement is included with this package.
- (f) Will the KCBT accept modification in the Standard Delegation Agreement?
The KCBT will review modified Delegation Agreements on a case-by-case basis. The KCBT must find such agreements acceptable before they can be put into effect.
- (g) Can a member delegating his membership be indemnified by the delegate's Primary Clearing Member?
Yes. Such arrangements may be negotiated entirely between the member and the delegate's Primary Clearing Member. A notice in this regard is included with this package.
- (h) Who is responsible for dues and assessments?
The owner-member is ultimately responsible; however, the member and delegate may agree that the delegate is primarily responsible (see Paragraph 5 of the Standard Delegation Agreement) and should the delegate fail to pay the dues or assessments after having agreed to in the Agreement, the member may cancel the Agreement for such non-payment.

- (i) Where should further questions concerning delegations be directed?
Executive Offices — Suite 303
Department of Membership Services
Kansas City Board of Trade
4800 Main
Kansas City, Missouri 64112
Telephone: (816) 753-7500

- (j) Will there be a fee payable to the Kansas City Board of Trade?
Yes. A \$300 transfer fee will be due to the Kansas City Board of Trade. (That is the fee now for a change of a firm representative.)

Forms For Rule 199.00
Kansas City Board of Trade Membership Delegation Agreement

THIS AGREEMENT is made this _____ day of _____, 19____, by and between

_____ (hereinafter referred to as "Member" and
_____ (hereinafter referred to as "Delegate").

WHEREAS, Member is the owner of a membership of the Board of Trade of Kansas City, Missouri, Inc., ("KCBT") and desires to delegate such membership to Delegate in accordance with the terms specified below: and

WHEREAS, Delegate desires to use the rights and privileges of the foregoing membership from Member in accordance with the terms specified below.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, Member and Delegate hereby agree as follows:

1. Delegation of Membership. (a) The Member delegates to the Delegate the rights and privileges of the Member's KCBT membership, subject to the Rules and Regulations of the KCBT, and Delegate accepts from the Member the rights and privileges of the KCBT membership, subject to the Rules and Regulations of the

KCBT, (hereinafter referred to as the "KCBT membership" for a term of _____ *(months, years)

commencing _____, and ending at 4:00 p.m. Central Time on _____.

By mutual written agreement of the Delegate and Member, this Delegation Agreement may be renewed for an identical time period at the end of the term specified herein, provided that written notice thereof is given to the Secretary of the KCBT by the Member and Delegate thirty days prior to the date of expiration of the original delegation.

(b) Notwithstanding the foregoing, this Delegation Agreement may be terminated by either party hereto at any time, with or without cause, upon the giving of written notice by one party to the other party

at least _____ day (_____) prior to the effective date of termination. A copy of such notice must be filed concurrently with the Secretary of the KCBT by the party giving notice of termination. This Delegation Agreement will terminate automatically, without notice, upon the effective date of any exchange action which expels or suspends Delegate from Exchange membership or trading privileges or upon the sale by the Member of the membership so delegated or upon violation of this Lease Agreement by the Delegate.

2. Rental. The Delegate shall pay to the Member as consideration for the use of the KCBT membership during the term hereof _____ dollars (\$_____) per (month, year) payable in equal monthly installments of _____ dollars (\$_____) on the _____ (_____) day of each month. Upon any extension or renewal of this Lease Agreement the parties hereto may provide for an increase or decrease in any consideration to be paid to the Member. The obligation to pay any consideration shall continue until the expiration or termination of this Delegation Agreement.

*Must be at least three (3) months, and no longer than three (3) years.

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3. **Ownership and Use.** (a) The KCBT membership shall at all times remain the sole and exclusive property of the Member, and the Delegate shall have no right or property interest therein except the right to use said membership pursuant to this Delegation Agreement. The Delegate by executing this Agreement expressly agrees to be bound by all the Rules and Regulations of the KCBT and agrees to conduct his affairs in accordance with such Rules and Regulations.

4. **Non-Assignment by Delegate.** The Delegate may not assign, transfer or sub-lease the rights, privileges, or obligations under this Delegation Agreement. Any attempted assignment, transfer or sub-lease will be deemed null and void.

5. **Obligations for Dues, Fees and Other KCBT Charges.** The (member, Delegate*) shall be responsible to the (Delegate, Member*) for satisfying all KCBT obligations regarding dues, fees, assessments or other charges imposed with respect to the KCBT membership in accordance with the Rules of the KCBT. Both parties shall be jointly and severally liable to the KCBT for such obligations.

6. **Exercise of Voting Rights of KCBT Membership.** The Member, acting on his own behalf but in lieu of the Delegate, shall during the term of this Delegation Agreement exercise all of the voting rights with respect to the KCBT membership.

7. **Member's indemnified.** (a) The Delegate shall indemnify, protect, and hold harmless the Member, its agents, servants, employees, officers, directors, successors and assigns from and against all losses, damages, injuries, claims, demands, and expenses, including legal expenses, of whatsoever nature, arising out of the use by Delegate of the KCBT Membership.

(b) The Delegate shall assume the settlement of, and the defense of any suit or suits or other legal proceedings brought to enforce, all such losses, damages, injuries, claims, demands and expenses, and shall pay all judgments entered in any such suit or other legal proceeding.

(c) The indemnities and assumptions of liabilities and obligations herein provided for shall continue in full force and effect notwithstanding the termination or expiration of this Delegation Agreement, whether by expiration of time, by operation of law, or otherwise; provided, however, nothing herein shall exonerate or excuse the Member from his liability to the KCBT and to others for the obligations of the Delegate arising out of the use of the KCBT membership, but only to the same extent as if the Member had not leased the membership.

8. **Arbitration.** Any dispute or difference of interpretation respecting this Delegation Agreement or matters relating to members or other Delegates of the Exchange or trades with members of the Exchange shall be submitted to arbitration pursuant to the Rules of the KCBT, and Delegate agrees to arbitrate such matters under the Rules of the KCBT.

9. **Articles of Incorporation and Rules of the KCBT.** The parties hereto hereby agree to be bound by the provisions of the Articles of Incorporation, Rules and Regulations of the KCBT and all applicable interpretations thereof. Whenever any provision of this Delegation Agreement is inconsistent with the foregoing, such provisions of the Articles of Incorporation, Rules and Regulations and interpretations thereof shall be controlling.

10. **Entire Agreement.** This Agreement constitutes the entire Agreement between the parties hereto and may not be modified except by a written instrument signed by the parties hereto and filed with the Office of the Secretary of the KCBT.

*The dues obligation may be primarily assumed by either party. The Agreement should indicate which is primarily responsible.

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11. **Governing Law.** This Agreement is deemed to be entered into and shall be entered into and shall be construed in accordance with the laws of the State of Missouri.

12. **Bankruptcy.** The Delegation Agreement shall be nullified by the bankruptcy of the delegate or the member.

IN WITNESS WHEREOF, this Delegation Agreement has been executed by the parties hereto as of the date first above written.

Dated: _____

Member

Delegate

Filed with the Office of the Secretary on _____

.....

Please provide the following additional information:

**MEMBER'S PRIMARY
CLEARING MEMBER** _____
(Firm Name)

**DELEGATE'S PRIMARY
CLEARING MEMBER** _____
(Firm Name)

Waiver of Claims

In consideration of the undersigned Member's grant of permission to _____
_____, a Delegate of such member, to
open and maintain an account or accounts with this Firm, we hereby agree that no suit, claim or demand will be
made upon or against the Member, other than for the membership of such Member so delegated in accordance
with an Agreement dated _____, on file with the Office of the Secretary of the Kansas City
Board of Trade, for any debts or obligations owed by the Delegate to this Firm arising out of the Delegate's
possession or exercise of the Member's rights or privileges of membership during the period of time when the
account or accounts are open with this Firm.

AGREED TO AND ACCEPTED BY:

Title: _____
For: _____
(Firm)

AGREED TO AND ACCEPTED BY:

(Member)

Dated _____

NOTICE: "A" Members (or B Members) who intend to delegate their membership may wish to arrange a "Waiver of Claims" agreement with the Delegate's Primary Clearing Member. A draft form of such an agreement is attached for informational purposes.

The terms of such agreements are entirely negotiable between the member and the delegate's Primary Clearing Member.

Such agreements are separate from the Delegation Agreement and are not subject to filing with the Kansas City Board of Trade.

Members may wish to consult their own attorneys in this regard.

Resolutions

RES 1-140.00-1 Membership; Procedure (Purchase and Sale)

Exception To Purchase And Sale Procedure; Transfer Between Affiliated Corporations

RESOLVED, that in recognition of the widespread use of wholly owned corporations in today's complex world, it is the interpretation of the Board of Directors that a transfer of a Board of Trade membership between affiliated corporations (being defined as a parent corporation and any of its fifty-one percent (51%) or more owned subsidiary corporations) without presenting written bids and offers to the Secretary's Office, and without depositing the purchase price with the Secretary's Office, is not a violation of Rules 140.00 through 140.04; and that such transfer shall be treated as if it were an employee transfer under Rule 160.00 a.

PROVIDED FURTHER, that all of the other rules of the Board of Trade would continue to apply, so that, for example, the new firm must submit its financial statement for approval (or the parent corporation must guaranty its trades), the Board of Directors must approve the transfer and the individual who will hold the new membership; claims, if any, may be filed against the membership being transferred, etc.

Such transfers would not be shown as sales, since they are not arm's length and do not necessarily reflect current market value at the time of the transfer (July 22, 1975).

RES 1-160.00-1 Membership; Minimum Posting Period

Posting Requirement

RESOLVED, that although the rules as written technically would appear to require a one (1) business day posting, and thus one (1) day off the floor in lost trading privileges where there is a change of representation, such as a transfer of membership between employees or a change in a name of a firm, in view of the intention of the Board of Directors, when these rules were passed, to simplify the membership process and shorten the waiting periods, the staff will post such notices following the 3:15 P.M. cessation of trading so that if the Board of Directors meets that afternoon or in a special meeting the morning before the next business day's trade begins, the member will not actually lose floor privileges during any trading time (January 15, 1980).

Interpretations

INTRP 1-185.00-1 Proceeds; Priority Of Claims

Question: Is a bank or other lender making a loan to a member which is secured by a share of stock of this Corporation entitled to third priority under Rules 185.00 and 188.00 on the voluntary or compulsory sale of a membership?

Discussion: A discussion was held concerning the interpretation of the rules relating to whether a bank or other lender making a loan to a member which is secured by a share of stock of this Corporation has any priority with respect to the payment of proceeds from the sale of such share. Rules 1100.00 and 3000.00 define the phrase "contracts subject to the rules of the Board of Trade" as including transactions incident to the grain business proper. Rules 180.00, 182.00, 185.00, and 188.00 provide for a lien for the payment of all filed claims arising from contracts subject to the rules and regulations of the Corporation, if and to the extent allowed by the Board of Directors. The Application To Become A Qualified Member And Stockholder Of Record provides for disclosure of a claimed financial interest in the membership to be held in the name of the applicant.

Answer: Rules 180.00, 182.00, 185.00, 188.00, 1100.00, and 3000.00 are interpreted as to include within the creditors entitled to third class priority, a member's creditor to whom the member has pledged the share of stock of this Corporation as collateral for a loan as a claim "arising from contracts subject to the rules and regulations of the Corporation," provided, such creditor timely filed its claim with the Corporation (December 30, 1980).

RES 1-199.00-1 Transfer Fee.

RESOLVED, that the transfer fee for delegating memberships under Rule 199.00 continues to be \$300.00 and the investigation fee (if applicable) continues to be \$300.00. This resolution is being adopted pursuant to Rule 199.00(e), which grants the Board, in its discretion, the right to impose fees, charges and assessments upon members and delegates under this Rule. The Board reserves the right to exercise its discretion in modifying these fees, charges and assessments upon members and delegates pursuant to Rule 199.00(e).

INTRP 1-199.00(d) Membership, Delegation — Representation

The Board of Directors interprets Rule 199.00(d) to mean a delegate may not represent in any manner a partnership or corporation associated with the grain or futures industry. (July 1985)

Opinions

OPIN 1-111.00-1 Membership; Membership Privileges To Firms, Partnerships, And Corporations; Registration

Elected Officers

The term "elected," as used in Rule 111.00 shall be construed in accordance with the law of the state of incorporation of the corporation represented for membership by an executive officer. The Delaware Corporation Code, Section 142, provides that "officers shall be chosen in such manner...as are prescribed by the by-laws or determined by the board of directors or other governing body."* The Board of Trade, therefore, will consider officers selected in the manner set forth by the laws of the state of incorporation as being in conformity with the term "elected by the board of directors" provided the other requirements of Rule 111.00 and Rule 111.01 are met (April 29, 1974).

*Officers may be appointed and not elected.

OPIN 1-111.00-2 Membership; Executive Officer Defined

Executive Officer

The Board of Directors has traditionally interpreted Rule 111.00 (Executive Officer Defined) and will in the future interpret Rule 111.00 as requiring by the term "Executive Officer" an individual having a corporate office of Chairman; Vice-Chairman; Treasurer; Assistant Treasurer; Vice-President; Senior Vice-President; Assistant Vice-President; or Executive Vice-President. This opinion was specifically approved by the Board of Directors in their meeting held on June 26, 1984.

OPIN1-111.00-3 Membership; Executive Officer Defined—Management Duties

Executive Officer—Management Duties

The Board of Directors has traditionally interpreted Rule 111.00 (Executive Officer Defined) and will in the future interpret Rule 111.00 as requiring by the phrase "which duties pertain to the management of the corporation" the corporate authority to act on behalf of the corporation on any and all matters required by the rules and by-laws of the Board of Trade. This opinion was specifically approved by the Board of Directors in their meeting held on June 26, 1984.