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CHICAGO MERCANTILE EXCHANGE INC.  
BOARD OF DIRECTORS  
DIRECTOR INDEPENDENCE AND CONFLICT OF INTEREST POLICY  
[Adopted November 7, 2002; Revised July 3, 2003]

1. **COMPOSITION OF THE BOARD; DIRECTOR INDEPENDENCE.**

The Commodity Exchange Act ("CEA") requires designated contract markets to provide for meaningful representation of a diversity of industry business interests on its board of directors. In furtherance of this requirement and because the Board of Directors has determined that it is in the best interests of CME and its shareholders, CME has floor brokers, floor traders, employees or officers of futures commission merchants and CME clearing member firms and other similarly situated persons who intermediate transactions in or otherwise use CME products and services (including certain "public" customers) that are or may in the future serve as directors on the CME Board. CME believes that these relationships alone do not interfere with a director's ability to provide independent oversight of the management of CME. Consistent with the New York Stock Exchange's listing criteria for independent directors, the CME Board has adopted categorical standards for determining the independence of Board members that takes into account these director relationships.

2. **PURPOSE OF CONFLICT OF INTEREST POLICY**

The Board of Directors of CME has developed this Conflict of Interest policy to ensure that any corporate action that might confer a private benefit on a director is understood in advance by the relevant decision makers and that all decisions of the Board are made in the interests of the shareholders of CME. A director may not use his<sup>1</sup> position, or confidential corporate information, to benefit himself or another person or entity.

CME is a Delaware corporation and is subject to the laws of that state with respect to a director's fiduciary duties, including the duty of loyalty. This Policy is intended to provide guidance with respect to common potential conflicts of interest, but is not intended to address all possible conflicts. Consequently, this Policy is intended to supplement but not replace any applicable laws or regulations governing conflicts of interest. In all instances where a potential conflict arises between this policy and applicable Delaware or other law, or a conflict is not covered by this policy, CME will comply with its legal requirements.

3. **Definitions.**

3.1 **Family.** The "family" of any individual shall include his spouse; his siblings and their spouses; his ancestors; and his descendants and their spouses.

<sup>1</sup> The use of the masculine pronoun is for convenience of drafting only and includes the feminine and plural.

- 3.2 **Financial Interest.** A person has a "financial interest" if the person will benefit in some way from an action taken by CME, including if he or she has, directly or indirectly, through business, investment or family:
- (a) An existing or potential ownership or investment interest in any entity with which CME has a transaction, contract, or other arrangement, or
  - (b) A compensation arrangement with any entity or individual with which CME has a transaction, contract, or other arrangement, or
  - (c) An existing or potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the CME is negotiating a transaction, contract, or other arrangement, or
  - (d) An existing or potential ownership or investment interest in, or compensation arrangement with, any entity whose business or operation has been or will be directly affected by a decision or action of the CME.
- 3.3 **Interested Director.** "Interested director" shall mean any director who has a material financial interest, as defined herein, or who serves as a director or officer of any entity with which CME has a material transaction, contract, or other arrangement. A director will not be considered an "interested director" solely as a result of ordinary course trading or clearing relationships not subject to specific Board approval.
- 3.4 **Material Financial Interest.** A "financial interest" is a "material financial interest" if the effect on a person, his family or a company or firm in which he has a financial interest, is significant in light of his personal financial condition or the financial condition of the company or firm. For example, a director who trades CME products or has an interest in a CME firm shall not be deemed to have a "material financial interest" in a proposal to raise or lower trading fees or beneficially modify ex-pit or electronic trading policies vis-à-vis pit trading policies if the change does not have a material effect on his or the firm's income. If a director is not in a membership class affected by a decision, he generally will not be deemed to have a material financial interest in the action.

#### **4. Role of General Counsel.**

- 4.1 The General Counsel shall administer and monitor compliance with this Policy.

- 4.2 Each director shall provide to the General Counsel annually a completed Directors and Officers Questionnaire, setting forth all business and other affiliations which relate in any way to the business and other activities of CME. Each director shall update the information provided in the questionnaire as necessary to ensure the General Counsel has been advised of all businesses and affiliations which relate to the business of CME.
- 4.3 The General Counsel shall report the status of completed questionnaires to the Governance Committee within 90 days following the Annual Meeting of Stockholders and as appropriate during the year.

**5. Voting.**

- 5.1 In the event of any potential or actual conflict of interest involving a board member, including a director having a material financial interest in a matter to be considered by the Board of Directors, the Board, after consultation with the General Counsel and outside legal counsel if necessary, shall determine the appropriate action to be taken. As a general matter, CME believes it is appropriate for a director to abstain from voting on a matter in which he has a material financial interest.
- 5.2 In the event a director abstains because of a conflict of interest, the abstention shall be noted in the minutes of the meeting.

**6. Disclosure by Directors.**

- 6.1 With respect to any matter pending before CME, each director shall disclose to the Board or the General Counsel any matter, relationship or other factor, not previously disclosed in accordance with paragraph 4.2, that could reasonably be considered to make the director an interested director.

**7. Procedures in Connection with Proposed Transactions and Arrangements.**

- 7.1 Scope. This section applies to any proposed rule, transaction, contract, or arrangement in which a director has a material financial interest.
- 7.2 Duty to Disclose. In connection with any proposed rule change, transaction, contract, or arrangement, an interested director must disclose the existence and nature of his material financial interest, not previously disclosed in accordance with paragraph 4.2, to the General Counsel or the Board prior to the consideration of the proposed rule, transaction, contract, or arrangement by the Board, any Committee of the Board, or the person authorized to make the decision.

7.3 **Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest, a determination shall be made by the Board of Directors, after consultation with the General Counsel and outside legal counsel, if necessary, as to whether a conflict of interest exists. A decision is not required if the interested director abstains from participation in the vote respecting the proposed rule, transaction, contract, or arrangement.

**8. Violations of Conflict of Interest Policy.**

8.1 If the General Counsel has reasonable cause to believe that a director has failed to disclose an actual or possible conflict of interest, he shall inform the director of the basis for such belief and afford the director an opportunity to explain the alleged failure to disclose.

8.2 If, after hearing the response of the director and making such further investigation as may be warranted in the circumstances, the General Counsel determines that the director has failed to disclose an actual or possible conflict of interest, he shall recommend to the Board of Directors appropriate corrective action.

**9. Compensation Committee—Director Compensation and Fees.**

A member of the Compensation Committee may participate in decisions respecting director compensation and fees to the extent that the decision applies equally to all directors. Directors may approve directors' compensation and fee levels of general application, but shall abstain from decisions relating to fees and compensation relating particularly to them.

**10. Annual Statements.**

Each director shall annually sign a statement which affirms that such person:

- (a) Has received a copy of the Conflict of Interest policy;
- (b) Has read and understands the Policy; and
- (c) Has agreed to comply with the Policy.

**11. Periodic Reviews.**

The Governance Committee shall periodically consider whether and how this Conflict of Interest Policy should be revised or amended to better meet CME's objectives.

## **CHICAGO MERCANTILE EXCHANGE HOLDINGS INC.**

### **BOARD OF DIRECTORS CODE OF ETHICS**

The Board of Directors of Chicago Mercantile Exchange Holdings Inc. ("CME") is committed to the highest standards of conduct in our relationships with CME employees, customers, members, shareholders, regulators and the public. This means conducting our business in accordance with all applicable laws and regulations, and it also means commitment to the spirit of the law. Our actions should reflect CME's values, demonstrate ethical leadership, and promote a work environment that upholds CME's reputation for integrity, ethical conduct and trust. This Code is intended to provide a statement of the fundamental principles applicable to our directors.

Directors are encouraged to bring questions about particular circumstances that may involve one or more of the provisions of this Code to the Chairman of the Board or the Chairman of the Governance Committee, who may consult with legal counsel. Directors who also serve as officers of CME must also comply with the CME Employee Code of Conduct.

#### **Compliance with Laws, Rules and Regulations**

Obedying the law, both in letter and in spirit, and behaving in a manner consistent with CME's values is the foundation of CME's ethical standards. All directors are expected to conduct their business and affairs in compliance with applicable laws, rules and regulations, and to encourage and promote such behavior for themselves, officers and employees.

#### **Fair Dealing**

Each director should deal fairly with CME employees, customers, members, shareholders, regulators, competitors and suppliers. No director should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

#### **Conflicts of Interest**

In order to maintain the highest degree of integrity in the conduct of CME's business and to maintain your independent judgment, directors must avoid any activity or personal interest that creates or appears to create a conflict between a director's own interests and the interests of CME as determined by CME. It is to be understood that a director may be a member, officer or owner of a member firm or a customer of CME without creating a conflict or the appearance of a conflict. A conflict of interest arises when a director's loyalties or interests are divided between CME's best interest and his or her personal interests or those of another. Conflicts of interest may also arise when a director, or members of his

or her family, or an organization with which he or she is affiliated receives an improper personal benefit as a result of his or her position as a director of CME. Any situation that involves, or may involve, a conflict of interest should be promptly disclosed to the General Counsel. The Board of Directors has adopted the CME Director Independence and Conflict of Interest Policy to provide additional guidance as to when a specific situation may involve a conflict of interest and the appropriate procedures for resolving that conflict.

### **Receipt of Gifts**

The purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships. Therefore, directors and members of their immediate families may accept unsolicited business courtesies and gifts that are reasonable and customary. Directors and members of their immediate families, however, may not accept gifts from persons or entities where any such gift is being made in order to influence the director's actions as a member of the Board, or where such gift could create the appearance of such influence.

### **Corporate Opportunities**

Directors are prohibited from competing with CME or taking for themselves personally or for the organizations with which they are affiliated opportunities that are discovered through the use of CME property, information or position without the consent of the Board of Directors. No director may use CME property, information or position for improper personal gain. Directors owe a duty to CME to advance its legitimate interests when the opportunity to do so arises.

### **Guarding CME Assets**

Each Board member has a duty to safeguard CME's assets, including its physical premises and equipment, records, customer information and CME names and trademarks. CME assets should be used for CME business only. Without specific authorization, Board members may not take, loan, sell or otherwise dispose of any CME property, or use CME property for non-CME purposes.

### **Confidential Information**

Board members may often receive or have access to confidential, sensitive and non-public information about CME and others. Board members should presume that any information they receive about CME or about CME's customers, members or others through their work as a Board member is confidential and, therefore, should not be disclosed or made public, except when disclosure is authorized or legally required. Board members have an obligation to safeguard confidential information, whether generated internally or acquired from others, and to use it only in the performance of their responsibilities as a Board member. The obligation to preserve CME's confidential information is ongoing even after an individual's service as a director ends.

### **Insider Trading**

Board members are prohibited from buying or selling securities while in possession of material non-public information about the issuer of that security, whether the issuer is CME or another company. This conduct is known as "insider trading." Passing such information on to someone who may buy or sell securities is known as "tipping" and is also prohibited. Further guidance on CME's policy prohibiting insider trading and the applicable securities laws is set forth in CME's Securities Law Trading Policy, a copy of which can be obtained from the Corporate Secretary.

### **Antitrust Laws**

CME's activities are subject to antitrust and trade regulation statutes, which govern how we interact with our competitors, customers and suppliers. Generally, the antitrust laws prohibit activities which constitute unreasonable restraint of trade, unfair trade practices and other anti-competitive practices which restrict or lessen competition. Some of the most serious offenses in this area involve the creation of, or attempt to create a monopoly, or agreements between competitors to increase, decrease or stabilize prices, limit the availability of products or services, or allocate customers, territories or markets.

Failure to comply with the antitrust laws could subject CME and individuals involved to criminal fines and jail terms, and CME to large civil penalties and treble damages. Board members should consult the General Counsel regarding any questions or concerns about the antitrust laws and how they may apply.

### **Anti-Bribery Laws**

CME conducts its international business activities in compliance with applicable anti-bribery laws of the United States, including the U.S. Foreign Corrupt Practices Act ("FCPA"), and the laws of all other countries in which CME conducts business. The FCPA prohibits CME and its directors, officers, employees and agents from giving or offering to give money or anything of value to a foreign official, a foreign political party, a party official or a candidate for political office in order to influence official acts or decisions of that person or entity, to obtain or retain business, or to secure any improper advantage. Directors may not knowingly engage in any activity that might involve CME in a violation of the FCPA or any applicable anti-bribery law.

### **Political Contributions and Lobbying Activities**

Laws of certain jurisdictions prohibit the use of CME funds, assets, services or facilities on behalf of a political party or candidate. Payments of corporate funds to any political party, candidate or campaign may be made only if permitted under applicable law and approved in advance by the General Counsel.

So that CME may comply with lobbying laws, Board members should notify the Government Relations Department or the General Counsel before engaging in any activity on behalf of CME that might be considered "lobbying" or other attempts to influence government officials.

#### **Reporting Illegal or Unethical Behavior**

Directors should promote ethical behavior and encourage an environment in which CME encourages employees to talk to supervisors, managers or other appropriate personnel about illegal or unethical behavior. CME has established avenues of communication to enable employees or others to report suspected misconduct, including CME's Confidential Ethics Reporting Line (1.877.338.4545). No one will be subject to retaliation for a good faith report of suspected misconduct. Directors should communicate any suspected violations of this Code promptly to the Chairman of the Board or the Chairman of the Governance Committee.

#### **Enforcement of the Ethics Code**

The Governance Committee of the Board of Directors shall determine appropriate actions to be taken in the event of violations of this Code of Ethics. Such actions shall be reasonably designed to deter wrongdoing and to promote accountability for adherence to the Code. In determining what action is appropriate in a particular case, the Governance Committee shall take into account all relevant information, including the nature and severity of the violation, whether the violation appears to have been intentional or inadvertent, and whether the individual in question had been advised prior to the violation as to the proper course of action.

#### **Waivers of the Ethics Code**

CME will waive application of the policies set forth in this Code only where circumstances warrant granting a waiver. Waivers of the Code for Board members may be made only by the Governance Committee of the Board of Directors and must be promptly disclosed as required by law or regulation.

#### **Relationship to Other CME Policies, Procedures and Guidelines**

The responsibilities described in this Code are in addition to and not instead of, any responsibilities described in any other CME policy, procedures or guidelines that apply to you.

Revised as of July 25, 2005

**Board Code of Ethics Acknowledgement Form**

I acknowledge that I have received and reviewed the Chicago Mercantile Exchange Board of Directors Code of Ethics. I understand that it is my responsibility as a Board member to read, understand and comply with the policies described therein.

Name \_\_\_\_\_

Date \_\_\_\_\_

Signature \_\_\_\_\_

Please sign this form and return it to Eileen Jurek, Office of the Secretary

	<b>Corporate Policy and Procedure</b>	
<i>Subject:</i>	No:	301
<b>Confidentiality Policy for Market Regulation and Audit Departments</b>	Page:	1
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## 1.0 PURPOSE

Routinely, the Market Regulation and Audit Departments receive and review confidential information in conjunction with fulfilling CME's self-regulatory responsibilities. This policy does not supersede any of the policies set forth in the CME Employee Handbook and the CME Code of Conduct regarding confidentiality, but rather describes in more detail specific types of information considered to be confidential and the limited circumstances under which use or disclosure may be permitted.

## 2.0 SCOPE

This policy applies to the staff of the Market Regulation and Audit Departments, including contractors, temporary employees and interns.

## 3.0 DEFINITIONS

### a. Confidential Information

For the purposes of this policy, confidential information means:

1. Position Data – Data collected via the reporting of large trader positions as well as clearing member position data maintained in the CME's clearing system;
2. Financial Information – Financial records, including original third party or internal source documents used in the production of financial reports or used to demonstrate compliance with CME rules;
3. Detailed Transaction Data – Trade data at the specific account level, identifying buy/sell or price information for individual trades from which market positions and/or profit and loss might be derived; and,
4. Investigative Materials – Documents collected as part of routine surveillance activities or investigations of potential rule violations including, but not limited to:
  - Account statements;
  - Cards and orders;
  - Customer account agreements;
  - Bank records; and,
  - Video and audio tape.

## 4.0 RESPONSIBILITIES

It shall be the responsibility of senior management in the Market Regulation and Audit Departments to ensure adherence to this policy and that staff are well versed with the policy.

## 5.0 PROCEDURE

Confidential information shall be used solely for regulatory purposes and shall be available exclusively to the staff of the Market Regulation and Audit Departments. In addition, when necessary as part of CME fulfilling its self-regulatory responsibilities, confidential information

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may be provided to:

- The Market Regulation Oversight Committee;
- The Clearing House Risk Committee;
- The Probable Cause Committee;
- The Business Conduct Committee;
- Special Hearing Committees of the Board of Directors;
- Parties to arbitration proceedings utilizing discovery procedures per CME rules;
- Respondents in disciplinary proceedings;
- The Clearing House Risk Management Department;
- The Legal Department; and/or,
- Any other department or committee that demonstrates a regulatory need for such information.

Confidential information may also be released pursuant to:

- A request by the CFTC, SEC or the United States Department of Justice;
- A request by a securities or derivatives self-regulatory organization pursuant to a joint surveillance/investigation agreement; or,
- A valid subpoena or other order of the court that directs CME to release such confidential information.

Any disclosure under these circumstances must be approved by senior management in Market Regulation or Audit, or by the Legal Department as appropriate.

## 6.0 PENALTIES

Employees who fail to comply with this policy may be disciplined in accordance with CME's employment policies and Code of Conduct.

## 7.0 CONTACTS

Any questions regarding this policy should be directed to Eric S. Wolff, Managing Director, Regulatory Affairs at (312) 930-3255, James P. Moran, Director, Market Regulation at (312) 930-8520 or Anne Glass, Director, Audit Department at (312) 930-3140.