



New York
Mercantile Exchange

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OFFICE OF THE SECRETARIAT

February 22, 2006

VIA ELECTRONIC MAIL

Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

RE: Additional Materials for Public Record

Dear Ms. Webb:

On February 15, 2006, NYMEX President James Newsome participated in a public hearing held by the Commodity Futures Trading Commission (CFTC) to discuss issues related to self-regulation and self-regulatory organizations in the U.S. futures industry. At that time, Dr. Newsome submitted written comments to be included as part of the record for the hearing. On behalf of Dr. Newsome, we request that the attached NYMEX rules and other NYMEX policy provisions also be included as part of the public record for the hearing.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2207.

Very truly yours,


Brian J. Regan
Vice President and Counsel

New York Mercantile Exchange, Inc.
World Financial Center
One North End Avenue
New York, NY 10282-1101
(212) 299-2000

*The New York Mercantile Exchange, Inc., is composed of two divisions.
The NYMEX Division offers trading in crude oil, heating oil, unleaded gasoline,
natural gas, electricity, coal, propane, platinum, and palladium. The COMEX Division
offers trading in gold, silver, copper, and aluminum.*

NYMEX CONFLICTS OF INTEREST POLICIES AND PROCEDURES

NYMEX Rule

3.02 Restrictions on Governing Board Members, Committee Members, Consultants, and Other Persons Who Possess Material, Non-Public Information

(A)(1) No member of the Board of Directors or any Committee of the Exchange or any Consultant shall use or disclose, for any purpose other than the performance of such person's official duties relating to the Board, Committee, or as a Consultant, material non-public information obtained as a result of such person's participation on the Board, Committee, or as a Consultant.

(2) No person shall trade for such person's own account, or for or on behalf of any other account, in any commodity interest, on the basis of any material, non-public information that such person knows was obtained in violation of Subsection (A)(1) of this rule from a governing board member, committee member, or consultant.

(B) The terms "material information" and "non-public information" shall have the same meaning as defined for those terms in Commission Regulation 1.59, as it may be in effect from time to time.

(C) Definitions:

(1) "Governing board member" means a member, or functional equivalent thereof, of the board of governors of a self-regulatory organization.

(2) "Committee member" means a member, or functional equivalent thereof, of any committee of a self-regulatory organization.

(3) "Consultant" means a person who serves in the capacity of a consultant for either the Board of Directors or the Exchange.

(D) Additionally, the following items shall be kept confidential if the Board's majority deems the item confidential at the time of a Board meeting and the same is reflected in the minutes of the meeting:

- (1) Deliberations and discussions;
- (2) Votes, including the number and identity of the voters; and
- (3) Issues requested to be included in future Board meeting agendas.

NYMEX Rule

3.04 Voting By Board and Committee Members on Certain Matters

This Rule 3.04 shall apply to the Board of Directors of the New York Mercantile Exchange Inc., the COMEX Governors Committee and to each Disciplinary Committee and Oversight Panel when the Board, the Governors Committee, or any such Disciplinary Committee or Oversight Panel takes any significant action as defined by this Rule 3.04 or has under consideration a matter as to which a member of the Board, the Governors Committee, a Disciplinary Committee or Oversight Panel, as the case may be, is, or is related to, a named party in interest.

The decision that any action is subject to this Rule may be made by the Chairman of the Board or the Governors Committee or the Chairman of the affected Disciplinary Committee or Oversight Panel or by

a third of the Board, Governors Committee, Disciplinary Committee or Oversight Panel members present.

(A) Definitions: For purposes of this Rule:

(1) "Disciplinary Committee" means any person or committee of persons, or any subcommittee thereof, that is authorized to issue disciplinary charges, to conduct disciplinary proceedings, to settle disciplinary charges, to impose disciplinary sanctions, or to hear appeals thereof in cases involving any violation of the rules of the Exchange except those cases where the person or committee is authorized summarily to impose minor penalties for violating rules regarding decorum, attire, the timely submission of accurate records for clearing or verifying each day's transactions or other similar activities. The term "Disciplinary Committee" shall include but is not limited to the Adjudication Committee, the Business Conduct Committee, the Control Committee, the Appeals Committee and the Floor Committee.

(2) A person's "family relationship" means the person's spouse, former spouse, parent, stepparent, child, stepchild, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece or in-law.

(3) "Board" means the Board of Directors of the New York Mercantile Exchange Inc. or any subcommittee thereof.

(4) "Governors Committee" means the COMEX Governors Committee or any subcommittee thereof.

(5) "Oversight Panel" means any panel, or any subcommittee thereof, authorized by the Exchange to recommend or establish policies or procedures with respect to the self-regulatory organization's surveillance, compliance, rule enforcement, or disciplinary responsibilities. The term Oversight Panel shall include, but is not limited to, the Compliance Review Committee.

(6) "Member's affiliated firm" is a firm in which the member is a "principal," as defined in Commission Regulation §3.1(a), or an employee.

(7) "Named party in interest" means a person or entity that is identified by name as a subject of any matter being considered by the Board, Governors Committee, Disciplinary Committee, or Oversight Panel.

(8) "Significant action" includes any of the following types of actions or rule changes that can be implemented by the Exchange without the Commission's prior approval:

(a) any actions or rule changes which address an "emergency" as defined in Commission Regulation §1.41(a)(4)(i) through (iv) and (vi) through (viii); and,

(b) any changes in margin levels that are designed to respond to extraordinary market conditions such as an actual or attempted corner, squeeze, congestion or undue concentration of positions, or that otherwise are likely to have a substantial effect on prices in any contract traded or cleared at the Exchange but does not include any rule not submitted for prior Commission approval because such rule is unrelated to the terms and conditions of any contract traded at the Exchange.

(B) Relationship with a Named Party in Interest

(1) A Member of the Board, the Governors Committee, a Disciplinary Committee or Oversight Panel must abstain from any deliberations and vote on any matter involving a named party in interest where such member:

(a) is a named party in interest;

(b) is an employer, employee, or fellow employee of a named party in interest;

(c) is associated with a named party in interest through a "broker association" as defined in

Commission Regulation 156.1;

(d) has any other significant, ongoing business relationship with a named party in interest, not including relationships limited to executing futures or option transactions opposite of each other or to clearing futures or option transactions through the same clearing member; or,

(e) has a family relationship with a named party in interest.

(2)(a) Prior to the consideration of any matter involving a named party in interest, each member of the Board, Governors Committee, Disciplinary Committee or Oversight Panel, as the case may be, must disclose to the Exchange Employee designated by the Chairman of the Board, Governors Committee, Disciplinary Committee or Oversight Panel for such purpose whether or not he or she has one of the relationships listed in subparagraph (B)(1) of this rule with a named party in interest.

(b) In addition, taking into consideration the exigency of the Board's, Governors Committee's, Disciplinary Committee's or Oversight Panel's action with regard to a named party in interest, the Exchange Employee shall review any records which are held by, and reasonably available to, the Exchange to ascertain whether any Board, Governors Committee, Disciplinary Committee or Oversight Panel member has a relationship of the type set forth in subparagraph (B)(1) of this Rule with a named party in interest. Upon completion of the disclosure required by this Rule and any review of Exchange records, the Exchange Employee shall report to the Chairman of the Board, Governors Committee, Disciplinary Committee or Oversight Panel any member's relationship with a named party in interest.

(3) Any Board, Governors Committee, Disciplinary Committee or Oversight Panel member having a relationship with a named party in interest of the type set forth in subparagraph (B)(1) above or who chooses not to make any such disclosure shall abstain from deliberating and voting on any matter involving a named party in interest and withdraw from the meeting until such time as the matter involving the named party in interest has been disposed of.

(4) In any case where an issue as to whether or not a Board, Governors Committee, Disciplinary Committee or Oversight Panel member has a relationship with a named party in interest exists, the Board, Governors Committee, Disciplinary Committee or Oversight Panel shall appoint an ad hoc committee composed of at least three members who have no relationship with the named party in interest who shall then determine based on the information obtained pursuant to subparagraph (B)(2) of this Rule whether such member has a relationship with a named party in interest and therefore must abstain from deliberating and voting on any matter involving such named party in interest.

(C) Financial Interest in a Significant Action

(1) A member of the Board, the Governors Committee, a Disciplinary Committee, or an Oversight Panel must abstain from any deliberations and vote on any significant action if the Board, Governors Committee, Disciplinary Committee or Oversight Panel member knowingly has a direct and substantial financial interest in the result of the vote based upon either Exchange or non-Exchange futures or options positions that could reasonably be expected to be affected by the action.

(2) Prior to the consideration of any significant action, the Board, Governors Committee, Disciplinary Committee or Oversight Panel, as the case may be, shall determine the number of positions that may be held in any commodity's delivery month or months which may be affected by the significant action that shall be considered a de minimis position such that a member shall be deemed not to have a direct and substantial financial interest in the result of the vote of such action.

(3) Each member of the Board, the Governors Committee, a Disciplinary Committee or Oversight Panel shall disclose to the Exchange Employee designated by the Chairman of the Board, Governors Committee, Disciplinary Committee or Oversight Panel for such purpose the following futures and options position information with respect to any commodity's delivery month or months affected by the significant action that is known to him or her at the time:

(a) gross positions held at the Exchange in the member's personal accounts or "controlled accounts," as defined in Commission Regulation 1.3(j);

(b) gross positions held at the Exchange in proprietary accounts, as defined in Commission Regulation §1.17(b)(3), at the member's affiliated firm:

(c) gross positions held at the Exchange in accounts in which the member is a principal, as defined in Commission Regulation §3.1(a);

(d) net positions held at the Exchange in "customer" accounts, as defined in Commission Regulation §1.17 (b)(2), at the member's affiliated firm; and

(e) any other types of positions, whether maintained at the Exchange or elsewhere, held in the member's personal accounts or the proprietary accounts of the member's affiliated firm that the Board, Governors Committee, Disciplinary Committee or Oversight Panel reasonably expects could be affected by the significant action.

(4) In addition to the position information disclosed pursuant to subparagraph (C)(3) above, and taking into consideration the exigency of the significant action, the Exchange Employee shall obtain and review with respect to any Board, Governors Committee, Disciplinary Committee or Oversight Panel member who makes a disclosure of position information the following information:

(a) the most recent large trader reports and clearing records available to the Exchange; and

(b) any other pertinent information that is held by, and reasonably available to, the Exchange.

The Exchange Employee shall then report such position information to the Chairman of the Board, Governors Committee, Disciplinary Committee or Oversight Panel.

(5) Upon a review of the position information obtained pursuant to subparagraph (C)(3), and subparagraph (C)(4) of this rule, any Board, Governors Committee, Disciplinary Committee or Oversight Panel member holding more than a de minimis position or who chooses not to make the disclosure required by subparagraph (C)(3) shall be advised that he or she must abstain from deliberating and voting on the significant action and shall withdraw from the meeting until such time as the matter involving the significant action has been disposed of.

(6) In any case where an issue whether a Board, Governors Committee, Disciplinary Committee or Oversight Panel member has a direct and substantial financial interest in a significant action as defined by this rule exists, the Board, Governors Committee, Disciplinary Committee or Oversight Panel shall appoint an ad hoc committee of at least three members holding no positions or a de minimis position in any commodity's delivery month or months which may be affected by the significant action. The ad hoc committee will review the position information obtained pursuant to subparagraph (C)(3) and subparagraph (C)(4) of this Rule and advise the Board, Governors Committee, Disciplinary Committee or Oversight Panel whether such member has a direct and substantial financial interest in the significant action and therefore must abstain from deliberating and voting on such significant action.

(D) Participation in Deliberations

(1) Notwithstanding any other provision of this Rule, the Board, Governors Committee, Disciplinary Committee or Oversight Panel may permit a member to participate in deliberations prior to the vote on a significant action for which the member would otherwise be required to abstain if such participation is consistent with the public interest and the member does not vote on such action.

(2) In making a determination as to whether to permit a member to participate in deliberations on a significant action for which he or she otherwise would be required to abstain, the Board, Governors Committee, Disciplinary Committee or Oversight Panel, as the case may be, shall appoint an ad hoc committee of at least three members which shall consider the following factors:

(a) whether the member's participation in deliberations is necessary for the Board, Governors Committee, Disciplinary Committee or Oversight Panel to achieve a quorum in the matter; and

(b) whether the member has unique or special expertise, knowledge or experience in the matter under consideration.

(3) Prior to any determination pursuant to this subparagraph, the ad hoc committee appointed by the Board, Governors Committee, Disciplinary Committee or Oversight Panel must fully consider the position information which is the basis for the member's direct and substantial financial interest in the result of a vote on a significant action obtained pursuant to subparagraph (C)(3) and subparagraph(C)(4) of this Rule.

(E) Documentation of Determination

The Board, Governors Committee, a Disciplinary Committee and Oversight Panel and any ad hoc committee appointed pursuant to this rule, shall reflect in its minutes or otherwise document any determinations made with respect to a member's ability to participate in, or abstain from, the deliberations and vote on any significant action.

Such documentation shall include:

(1) the names of all members who attended the meeting or who otherwise were present by electronic means;

(2) the name of any member who voluntarily recused himself or was required to abstain from deliberations and/or voting on a matter and the reason for the recusal or abstention, if stated; and

(3) any position information that was reviewed for each member, and

(4) the names of all members of any ad hoc committee.

VIII. Resolution of NYMEX Board of Directors Concerning Exchange Contracts with Interested Members or Entities

At a regular meeting of the Board of Directors on June 3, 1987, the Board, having considered the actual or potential conflict of interests, the appearance of impropriety or other harm to the Exchange or its members which might arise from a contract or transaction between the Exchange and a Member of the Board, an Exchange Committee Member or other Member of the Exchange or other person or entity associated or affiliated therewith in which such Member or other person or entity has a substantial financial interest hereby:

RESOLVES, to prohibit the Exchange, its Directors, Officers or others acting with authority or under color of authority for or on behalf of the Exchange from entering into a contract or transaction between the Exchange and any person or entity described in the preamble to this Resolution who has a substantial financial interest in such contract or transaction unless the material facts concerning such interest are fully disclosed to the Board and the Board, by majority vote, authorizes such contract or transaction. Any person with an interest in the contract or transaction is not entitled to vote thereon but may be counted for the purpose of determining the presence of a quorum at the meeting which considers the approval of the contract or transaction.

Ethics Guidelines for Members of the New York Mercantile Exchange, Inc.

- I. Statement of Policy
- II. Introduction
- III. Dealings With Staff
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- VI. Prohibition Against Disclosing Confidential Information
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- VIII. Business Negotiations or Relationships with Exchange Staff
- IX. Conclusion

I. Statement of Policy

The purpose of these guidelines is to set forth the policy of the New York Mercantile Exchange Inc. (the "Exchange") regarding ethical responsibilities for members of the Exchange and conflicts of interest and potential conflicts of interest for members, directors, and committee members.

Any failure to abide by these guidelines may be deemed a violation of Exchange Rule 8.53(F) (prohibiting conduct detrimental to the best interests of the Exchange) and/or may constitute grounds for removal of a member from a Committee or the Board of Directors.

II. Introduction

Members of the Exchange enjoy rights and privileges that enable them to participate in, and benefit from, the business transacted on the Exchange. Along with these rights and privileges, members have a responsibility to conduct their business affairs in compliance with the Rules and Bylaws of the Exchange, and with the laws of New York State and the United States. General policy statements applying to all NYMEX members are:

- A member must be familiar with the Exchange's rules, and must stay current with any changes to the rules.
- Should there be a question concerning a particular practice, open discussion will likely resolve the issue. Senior Staff and Exchange Committees are readily available for discussion and resolution of issues.
- The Exchange will seek to deter and punish any member engaged in any practice which is unethical or illegal. Should the Exchange discover any business being done in any other than

an absolutely proper manner, appropriate disciplinary action will be taken.

III. Dealings With Staff

(A) Generally

1. Members and Directors shall deal with staff in a courteous, professional and respectful manner.
2. Adverse comments or complaints regarding an employee's performance of his or her duties shall be referred to the President, Executive Vice President or staff officer senior to the employee in question.
3. Members and Directors shall refrain from making threatening remarks to staff, or personal advances, or attempt to obtain any favor, advantage or assistance from staff for the member's personal affairs or non-Exchange related business activities.

(B) Members and Directors shall not make excessive use of staff's offices or resources to conduct personal business.

(C) Cooperation with Compliance Staff

The NYMEX is a self-regulatory institution, and has a responsibility to its members and the public to assure that its rules are followed. The Compliance Department of the Exchange is the vehicle which the Exchange employs to investigate possible violations of NYMEX rules and by-laws.

To help fulfill the Exchange's self-regulatory responsibility, each member should, and is required to, cooperate with Compliance personnel in performing their duty. Records must be turned over if requested, and interview appointments must be kept, or rescheduled in advance. If a member observes or learns of a rule violation, it is his obligation to turn the matter over to Compliance to investigate.

By virtue of the sensitive nature of its investigations, the Compliance Department is required by Federal law to be independent of the Exchange's membership. Exchange members and committee members may request that an investigation be conducted, but cannot direct that one be conducted, and cannot direct what steps to take in pursuing an investigation.

A member (other than the subject of an investigation) also is not entitled to know the status of any investigation, because the rules require that such information be held in confidence by the staff. A member subject to an investigation may properly request to know whether or not an investigation is ongoing or completed, but not specific steps or actions taken. A member's effort to obtain information concerning an investigation may be interpreted by Staff as an attempt to affect the course or outcome of an investigation. The independence and integrity of the Compliance Department may be adversely affected by such effort.

In the event a member has a question about the Department's procedures, or takes issue with any action by a Compliance staff member, he should approach the supervisor or department head with his complaint. If the member cannot get a satisfactory explanation to his questions, the Exchange's President and Executive Vice President, or the Compliance Review Committee may be approached with the complaint or question.

IV. Service on the Board of Directors

(A) Directors of the Exchange are elected by the stockholders, and are entrusted with the duty to

maintain the well-being of the Exchange. When a Director accepts his seat on the Board, he agrees to place the Exchange's interests ahead of his own, and to act fairly and honestly on behalf of the institution. The Director has a fiduciary duty under law to assure that his actions meet the standards of honesty and ethics that are expected of any person who accepts such a position of trust.

(B) While acting in his capacity, a Director shall represent only the interests of the Exchange. Board members shall not act to further their personal business while fulfilling their function as Directors or Exchange representatives, except as provided in section (D) below.

(C) The provisions of Guideline IV(B) shall also apply to the handing out of personal business cards and the discussion of personal business matters.

(D) Members and Directors who travel for official Exchange purposes, may, subject to prior or subsequent notification to the Chairman of the Board, take additional time to further personal business. Where appropriate, a Director will reimburse the Exchange for a proportionate share of his personal travel expenses when, at the discretion of the Executive Committee, he is requested to do so.

(E) A Director must avoid conflicts of interest between his personal affairs and the affairs of the corporation. In fact, a Director must make every reasonable effort to avoid the appearance of a conflict of interest.

1. A Director shall be required to file a Disclosure Form at least annually with the Vice President of the Compliance Department, following the first meeting after Board elections. Each Director shall file an amended Disclosure Form within 30 days of any material change to information supplied therein. The Disclosure Form shall be in the form prescribed by the Board and shall at a minimum, require disclosure by each Director of:
 - (i) Business dealings, other than arrangements for the rendering of clearing or brokerage services, with other Directors or the Member Firms with which other Directors are directly affiliated;
 - (ii) Outstanding debts to other Directors or the Member Firms with which other Directors are directly affiliated;
 - (iii) Financial arrangements with other Directors or the Member Firms with which other Directors are directly affiliated;
 - (iv) Tax liens in excess of ten thousand (\$10,000) dollars due to outstanding tax payments; and
 - (v) such other items as the Board requires.
2. In addition to the provisions noted above, a Director is obligated to immediately disclose a conflict of interest to the Board if a failure to disclose may result in the Director exercising his duties while affected by such conflict or if a failure to disclose may serve to deceive his fellow Directors in the exercise of their duties. A Director shall take all necessary steps to ensure that he does not participate in the conflicted matter, including excusing himself from any meeting during the Board's consideration of the matter.
3. Several areas of Exchange life present more potential for conflicts of interest. These include: service on Committees, particularly as a Chairman or Vice-Chairman; trade relationships with other members; and interaction with staff officials. Conflicts of interest may take the form of, but shall not be limited to:
 - (i) Accepting Rewards for Official Service;
 - (ii) Influencing Committee Actions for Personal Gain; and

(iii) Directing Staff Efforts for Personal Gain or Favors.

A reward for service on the Board or on a Committee, other than approved stipends, is prohibited in any form, whether the reward is direct or indirect. Efforts to circumvent this prohibition-to give the appearance of legitimacy to a practice which is illegitimate-will result in prompt and appropriate disciplinary action when uncovered.

A Director carries the authority and weight of his office with him in all aspects of his day-to-day Exchange life. On a Committee his opinions should be expected to carry great weight. As a result, persons or firms who are interested in the outcome of a Committee's decision, may seek to influence the thinking of a Director serving on the Committee. Such influence may properly consist of intellectual discussion; but when influence extends to a potential personal financial or business reward, the Director must recognize that his office may be compromised, and should disclose the reward to the Committee.

A Floor Member Director likewise carries great weight with his fellow Floor Members. This authority can be used to set an example to protect the integrity of the public. However, it improperly may be used to intimidate, as well as to seek advantageous trades, or to offer impunity to others to break the rules. Commission sharing arrangements may be used to channel a reward to a Director for some official favor.

It is improper for a Director to enter into personal employment negotiations with a staff member without disclosing such negotiations to the president, so that they do not confuse the employee's loyalties, and compromise his independence and trustworthiness.

A Director's duties are many and complex, and questions may arise about the propriety of some action. The Director is not expected to know it all, but he is expected to discuss his questions about his duties with the President, Executive Vice President or General Counsel when those questions arise.

4. (a) The Compliance Department shall review all Disclosure Forms filed by Directors with the Exchange, including all amended Disclosure Forms. The Compliance Department shall, in addition, review complaints about possible violation of ethics standards by a Director filed by Exchange members, Directors, staff or any other source whom it deems reliable.

(b) Should the Compliance Department determine that statements made in a Disclosure Form, or the allegations stated in a complaint, demonstrate possible ethics violations, it shall refer the matter to the Executive Committee. Should the Compliance Department determine that the facts presented warrant a disciplinary investigation due to a possible violation of Exchange Rules, other than Ethics Guidelines, it shall have the power to initiate such investigation.

(c) The Executive Committee shall have the power to investigate all Compliance Department referrals as well as referrals from any other source it deems reliable, and may, at its discretion, refer its findings and recommendations to the Board of Directors. The Executive Committee shall have the power to determine its own procedures when conducting investigations.

V. Service on Exchange Committees

Much of Exchange life revolves around the efforts and decisions of its Committees. The use of Committees is intended to ensure that the membership has a voice in the important affairs of the Exchange. Service on a Committee is a way of giving back some benefit to the Exchange and its members, and carries with it a responsibility to avoid making decisions based on self-interest rather than the interest of the Exchange and its members.

If a member is called on to make a decision in a Committee which might have an impact on his or his firm's trading; on the location of his physical facilities; or on his business relationship with a customer, he should disclose the specifics of his possible conflict to the staff liaison or general counsel before voting.

A Committee member serves because he is interested in the well-being of the Exchange. It is never appropriate to serve with the expectation or intent to reap a reward or financial benefit from any Committee service.

Service on the Committee is not an appropriate selling point when seeking new business from customers, and it is not appropriate to seek to improve a customer relationship by voting a particular way on a Committee. Once again, service is to benefit the Exchange, not to reward the Committee member.

In the event a Committee member has a question about any potential conflict of interest arising from his duties of committee service and his business activities, it is his responsibility to bring that question to the full Committee or to a senior member of the NYMEX staff such as the President, Executive Vice President or General Counsel, for resolution. Relying on ignorance of the rules of conduct will not be viewed as a reasonable and satisfactory defense in the event a member is found to have improperly served on a Committee or participated in a Committee decision.

VI. Prohibition Against Disclosing Confidential Information

No member may disclose to any person confidential information that he learns by virtue of his service on a Committee (such as the Control Committee or Business Conduct Committee) or on the Board of Directors. Confidential information includes advance knowledge of anticipated regulatory action; positions or intentions of market users; information which, if disclosed, may have an impact on price or other market conditions; proposed rules, rule amendments, or contracts or contract changes; or any other information which is conveyed as being confidential information in the course of a committee's or board's function.

VII. Service on the Floor Committee, the Settlement Price Committee, and as Ring Chairman

Service on a Committee which can have an immediate impact on trading, market prices and on member and investor confidence carries with it special obligations. Such Committees include the Floor Committee, and the Settlement Price Committee. Special requirements also apply to the selected few Floor Members who are chosen to represent the trading rings as Ring Chairmen. Members of these groups have the most frequent and visible contact with the Floor Membership, and are perceived to be symbols of self-regulation and the serious intent of the Exchange to police itself.

Floor Committee members and Ring Chairmen enforce rules governing decorum and orderliness of trading. Their decisions can immediately affect a member's profit or loss, or the direction of the market. In a less direct way, the example that Ring Chairmen and Floor Committee members set, in how they conduct themselves in their personal business and in performing their Committee functions, will determine whether members respect the rules of decorum and fair and orderly trading, or feel free to disregard them. Members of the Settlement Price Committee also carry significant powers to affect the market, and are themselves examples for the rest of the floor community.

In sum, members of the Floor and Settlement Price Committees, and Ring Chairmen, must act fairly, in good faith, and with no personal motivation driving their actions. Rather, their motivation should be market oriented, to protect the integrity of the marketplace.

If any member feels that a Floor or Settlement Committee member or Ring Chairman is abusing his authority-not because he made an innocent mistake or error in calculation-he has every right to report the abuse to the Committee Chairman, the Exchange President or Executive Vice President, or to the Vice President for Compliance.

VIII. Business Negotiations or Relationships with Exchange Staff

A member may not negotiate or discuss any potential employment or business relationship with any member of the Compliance Staff, or with any other officer or employee of the Exchange, where the member knows that such staff person is engaged in an investigation or specific regulatory function concerning the member, unless the member discloses such discussions immediately to the Vice President of the Compliance Department or to the Exchange President.

IX. Conclusion

Membership on the Exchange, and service on the NYMEX Board or on a Committee are positions of honor requiring ethical actions. Fellow members and the public at-large require and demand a high standard of conduct and service.

If at any time, any member has a question concerning his duties of membership or Committee service, he should and must raise the question with the Committee affected or with a senior-level Exchange officer.

New York Mercantile Exchange Code of Business Conduct (FOR NYMEX EMPLOYEES)

Dear Colleagues:

Much has changed since 1872, when a group of dairy merchants trying to bring order and standardization to the chaotic conditions that existed in their industry founded the Butter and Cheese Exchange of New York, which became the New York Mercantile Exchange, Inc., (the "Exchange"). One thing has remained constant throughout the Exchange's 133 year old history, however: the Exchange's unwavering commitment to market integrity and price transparency.

A century after its founding, during the 1970s, the Exchange pioneered the development of energy futures and options contracts as means of bringing price transparency and risk management to this vital market. Today, the Exchange is the world's largest physical commodity futures exchange and the preeminent trading forum for energy and precious metals.

The integrity of the Exchange is based upon the actions of each of its employees. This Code of Business Conduct (the "Code") formalizes the Exchange's longstanding commitment to conducting business with honesty, integrity and in compliance with the law. The Code sets forth certain standards of conduct and specific policies and procedures that all officers, directors and employees (collectively "employees") are expected to follow. While it cannot cover every possible law, practice or situation, the principles it sets forth serve as a guide for the behavior of its employees.

Employees are expected to read carefully each section of the Code and follow its policies and procedures. Violations of the Code will lead to prompt disciplinary action, up to and including dismissal. As the section, "Use and Implementation of the Code" details, employees are expected

to report any conduct that violates or potentially violates the Code or the law to the Audit Committee by calling 1-800-477-1860, sending a letter to P.O. Box 3390 Church Street Station, New York, NY 10009 or e-mailing the following independent address: nymerc_fintegrity@yahoo.com. The Exchange prohibits retaliation against anyone as a result of his or her good faith compliance with the Code.

Please be reminded that nothing in this Code should be construed as constituting a contract of employment or as creating any contractual obligations on the part of the Exchange or any employee. Only the President or Board of Directors has the authority to enter into a contract of employment which changes or alters the at-will employment relationship and any such agreement must be in writing and signed by the President or Chairman of the Board.

With the help of all of its employees, the Exchange is confident that it will continue to maintain the highest standards of integrity and remain the world's largest physical commodity futures exchange and the preeminent trading forum for energy and precious metals.

Very truly yours,

James Newsome
President

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USE AND IMPLEMENTATION OF THE CODE

All employees are expected to read the Code together with the Exchange's Employee Handbook and any other policies or manuals that apply to their employment and are required to bring to the Exchange's attention any action potentially in violation of the Code that has taken place or may be taking place.

Open Door Policy

The Exchange expects employees to behave ethically, to report violations of the Code, laws, rules, regulations and to speak with supervisors, managers or other appropriate personnel when in doubt about the best course of action in a particular situation. The Exchange expects employees to ask questions about issues that are not clear to them. The Exchange's Open Door Policy is intended to create an atmosphere that encourages employees to voice concerns, express doubts, discuss problems, ask questions, make observations and offer suggestions about workplace issues. All employees should feel comfortable approaching their immediate supervisor, any other supervisor/manager, human resources, corporate officers or any other Exchange representative.

Reporting Violations

Employees should report violations or potential violations of the Code to the Chairman of the Audit Committee of the Board of Directors by contacting him or her through any of the following three methods: (1) the toll free Exchange hotline (1-800-477-1860); (2) by mail to P.O. Box 3390 Church Street Station NY, NY 10008; or (3) by sending an e-mail to the following independent address: nymerc_fintegrity@yahoo.com.

While the Exchange would prefer employees to identify themselves to facilitate the Exchange's investigation of the report, employees may choose to anonymously report violations or potential violations.

The Chairman of the Audit Committee will monitor the e-mail address, the toll-free hotline and the P.O. Box listed above. Complaints relating to matters not ordinarily addressed by the Audit Committee may be referred by the Audit Committee to the Exchange's General Counsel or to other parties, as determined by the Audit Committee, for prompt and appropriate action. The Exchange will, to the extent possible and consistent with its legal responsibilities, maintain the anonymity or confidentiality, as the case may be, of the person(s) reporting the violation.

No Retaliation

The Exchange prohibits retaliation against an individual who reports actions that the employee, in good faith, believes violate the Code, or who is involved in the investigation of a possible Code violation. Retaliation is a serious violation of the Code and must be reported immediately. Any person found to have retaliated against an individual for reporting a Code violation or potential violation will be subject to appropriate disciplinary action including termination.

Investigations

The Exchange will promptly investigate all reported violations and will maintain confidentiality to the extent practicable and consistent with the Exchange's obligation to undertake a complete and thorough investigation. The reporting individual must adhere to the following restrictions: (1) do not contact the suspected individual in an effort to determine facts or demand restitution; (2) do not discuss the case, facts, suspicions, or allegations with anyone outside of the Exchange, unless specifically asked to do so by the Legal or Internal Audit Departments; and (3) do not discuss the matter with anyone other than the Legal or Internal Audit Departments, or individuals who have a legitimate need to know.

Discipline

Exchange personnel who violate the Code will be subject to corrective action as deemed appropriate, giving consideration to the facts of the case, interests of the Exchange and the individual(s) involved. Such action may include, without limitation, counseling, disciplinary warning, suspension, transfer, demotion, discharge or any other appropriate action.

Waivers

A request for a waiver of any provision of the Code must be in writing and addressed to the Chairman of the Audit Committee. No waiver of the Code shall be granted absent the written approval of the Chairman of the Audit Committee. Any such waivers shall be promptly disclosed as required by law.

CONFLICTS OF INTEREST

Exchange employees are expected to act in the Exchange's best interest at all times and are prohibited from engaging in situations where a conflict of interest exists or may exist. A "conflict of interest" occurs when an individual's private interest interferes in any way - or even appears to interfere - with the interests of the Exchange as a whole. A conflict situation can arise when an employee takes actions or has interests that make it difficult to perform his or her work objectively and effectively.

The following sections identify the most common situations where potential conflicts of interest may arise. However, the Exchange can neither anticipate nor list every potential situation that may occur. If you have any question regarding whether you or another employee, including a manager or supervisor, is acting in the Exchange's best interest, immediately speak with a supervisor, human resources representative or member of the legal department or contact the Audit Committee as described in the Code's "Use and Implementation Section."

Futures and Options Trading and Exchange Membership

No employee of the Exchange is permitted, directly or indirectly, to trade futures or options contracts or cash commodities traded on this or any other commodity exchange. In addition, an employee may not own, directly or indirectly, an Exchange membership or any interest in a membership in this or any other commodity exchange, either domestically or internationally. No member of the immediate family of an employee may own a membership in this or any other commodity exchange without the prior written consent of the Exchange President or General Counsel.

Financial Interests in Other Businesses

Employees should avoid having an ownership interest in any other business if that interest compromises or would appear to compromise the employee's loyalty to the Exchange.

Employment Outside of the Exchange

No employee shall engage in any outside work or business, which interferes with the performance of his or her duties on behalf of the Exchange. This is deemed to preclude, among other things: engaging in any substantial outside employment for compensation during the Exchange's business hours; engaging in any outside employment for compensation relating directly or indirectly to the commodity futures or options business; and engaging in any outside employment for compensation for or on behalf of any Member, Member Firm or employee of any Member or Member Firm.

Someone Close to You Working in the Industry

Employees may find themselves in a situation where someone close to them, whether a family member or a close friend, works for a competitor, trades on the Exchange or any other commodity exchange or works for a company that trades on the Exchange. In such cases, employees must be especially sensitive to security, confidentiality and conflicts of interest. Employees should review their specific situations with their department Senior Vice President or Vice President, a human resources or legal department representative, or the Audit Committee to assess the nature and the extent of any potential conflict of interest and if necessary, how it may be resolved.

Gifts, Favors and Entertainment

Exchange employees may not accept gifts, payments, fees or services or other favors that influence, or appear to influence, the performance of their duties. In particular, employees shall neither solicit nor accept any gift from an individual or organization that: (1) has or is seeking to obtain contractual or other business relations with the Exchange; (2) conducts an operation or activity that may be affected by the Exchange's activities; or (3) has an interest that may be affected by the performance or nonperformance of the employee's duties (except one of nominal value with the approval of the President or General Counsel).

Exchange employees may not give or offer to give gifts, entertainment, meals, compensation or anything of value to any person who has business dealings with the Exchange, including regulators, vendors, shareholders, customers and competitors, except when authorized by a department Senior Vice President or Vice President and then only if the item is reasonable and proper under generally accepted business practices. This prohibition does not apply to promotional items of nominal value, such as t-shirts, pens, mugs or paper weights.

The acceptance of meals and refreshments or entertainment of nominal value on infrequent occasions in the normal course of business is not prohibited. In addition, the acceptance of unsolicited gifts of nominal value (generally considered to be less than \$100 total value annually) is not prohibited when the gifts are of such nature as to indicate that they are merely tokens of respect or friendship and could not be construed as a bribe, payoff or secret compensation. Employees who have questions concerning the appropriateness of a gift or other item of value should contact the President or General Counsel, who will then make a decision as to the disposition of the gift.

Employees may accept travel and other "in-kind" support in lieu of expenses from outside sources with the approval of their department Senior Vice President or Vice President. Employees who make presentations, participate in conferences, teach or lecture are expected to submit to the Exchange any honoraria received if such honoraria are earned while on the Exchange time during which the employee is receiving a salary. Honoraria for any activity clearly in a non-work-related

capacity of the employee may be retained by the employee. Mementos of nominal intrinsic value given to all speakers or attendees may be retained by the employee. Additionally, Exchange employees may accept an established award recognizing meritorious achievement from an organization, provided that such award does not fall within the prohibitions previously listed.

APPLYING THE CODE

Q: I am responsible for hiring temporary workers for the Exchange. One of the temp agencies I often use sent me a bottle of wine during the holiday season. May I keep the gift?

A: Yes you may keep the gift so long as you did not ask for the gift, the gift is less than \$100.00 in value and the gift will not influence your business decisions.

Q: May I accept t-shirts or other promotional materials from companies who trade on the Exchange? What about business meals? Do I need to report these items to the Exchange?

A: Yes, you may accept promotional materials, mugs, t-shirts, or other similar products without reporting them to your supervisor. While an occasional meal does not generally need to be reported, if these meals take place often or are worth over \$100.00 in value, they must be reported.

Q: I have a client who is very active in politics. May I take the client to see the Vice President speak at a local political conference? What about taking clients to sporting events or the theatre or accepting tickets to sporting events or the theatre?

A: No. Even if the tickets are less than \$100.00 in value, buying tickets to a political event is against the Exchange's policy of not making contributions to politics. Please review the Code section "Political Contributions and Lobbying." You may give and accept tickets to sporting events, the theatre or other events that cost more than \$100.00 if you obtain the approval of your department Senior Vice President or Vice President prior to giving the tickets or from the President or General Counsel prior to accepting the tickets.

CORPORATE OPPORTUNITIES

Exchange employees are prohibited from taking advantage of corporate opportunities on behalf of any person or entity other than the Exchange. In other words, each employee owes a duty to the Exchange to advance its legitimate interests at all times. In this regard, employees are prohibited from: (1) taking for themselves opportunities that they discover through the use of Exchange property, information or position; (2) using Exchange property, information or position for their personal gain; and (3) competing with the Exchange.

The following sections identify common situations where an employee may have a concern about taking advantage of a corporate opportunity. Employees should also review the section of the Code, "Protection and Proper Use of Exchange Assets."

Negotiations with Potential Employers

An employee shall not discuss, entertain proposals or negotiate for employment with any person or entity outside the Exchange with whom he or she is transacting official business. No employee

shall undertake any activity that constitutes transacting official business with any person with whom he or she is discussing, entertaining proposals or negotiating for employment. "Transacting official business" includes: conducting an investigation or adjudication specifically involving such person or entity as a subject or party; conducting surveillance with specific focus on such person or entity; conducting an audit of such person or entity; and any other conduct specifically involving the Exchange's regulatory requirements as they pertain to such person or entity (i.e., evaluating a petition for an exemption from any Exchange By-Law or Rule).

In the event that an employee is about to discuss, entertain proposals or negotiate for employment with a person or entity with whom he or she is transacting official business, he or she shall immediately report such fact to his or her department Senior Vice President or Vice President, and to the Exchange President or General Counsel. After prior written disclosure by the employee, either the Exchange President or General Counsel may, in writing, relieve the employee of any assignment which, in the absence of such relief, might preclude such negotiation, or inform the employee that further discussions or negotiations will not be deemed to violate the prohibitions set forth herein.

The Exchange recognizes that there will be situations where the applicability of this policy is unclear. Employees may be unsure whether their conduct is sufficiently developed to constitute a "discussion of employment" or whether they are actually "transacting official business" with such person or entity. Employees are reminded that the purpose of this guideline is to avoid even the appearance of impropriety and are encouraged to discuss with their department Senior Vice President or Vice President, Exchange President or General Counsel any situation where compliance with this guideline might be unclear. It is Exchange policy that no retaliatory action will be taken against an employee as a result of his or her disclosure or any actual or potential discussions, proposals or negotiations for possible employment.

Improper Use of Exchange Employment

Employees are also cautioned against the improper use of their Exchange employment to further their own personal interests. In this regard, employees are expressly prohibited from using, in connection with subsequent employment or the acquisition of subsequent employment, any confidential or proprietary information of the Exchange or of any of the Exchange's Members. In addition, this prohibition expressly prohibits an employee from granting or advocating the granting of a contract to a particular vendor where a purpose of granting or advocating the granting of such contract is to enhance the employee's personal financial or subsequent employment interests.

APPLYING THE CODE

Q: I believe my co-worker has been accepting money on the side from a company who trades on the Exchange. He told me that the company offered him a job if he provides the company with confidential information about another company that also trades on the Exchange. I am afraid to tell my supervisor because he really likes my co-worker and I am afraid that he will get angry and not promote me. What should I do?

A: If your suspicions are correct, your co-worker is violating the Code. You do not have to speak directly with your supervisor, but you are obligated to call, e-mail or write the Audit Committee as described in the "Reporting Violations" section of the Code. The Exchange will not tolerate retaliation against you for reporting a good-faith belief of a Code violation.

PROTECTION AND PROPER USE OF THE EXCHANGE'S ASSETS

Employees are expected to protect the Exchange's assets and ensure their effective and efficient

use. All Exchange assets are to be used for solely for legitimate business purposes. Exchange assets should be treated carefully. Theft, carelessness and waste all have a direct impact on the Exchange's profitability.

Guarding Company Assets

Employees are expected to safeguard all Exchange assets including, but not limited to, its physical premises and equipment, records, customer information and Company trademarks, trade secrets and other intellectual property. Exchange assets are to be used for Exchange business only. Without specific authorization, no employer may take, loan, sell, damage or dispose of Exchange property or use, or allow others to use, Exchange property for any non-Exchange purposes.

Executing Contracts on Behalf of the Exchange

The Exchange is legally required to comply with contracts executed on its behalf. Therefore, employees are prohibited from entering into any contract unless they have express written approval in accordance with the policies and procedures of the Finance department.

Records Retention Policy

The Exchange seeks to comply fully with all laws and regulations relating to the retention and preservation of records. Under no circumstances may Exchange records be destroyed selectively or maintained outside Exchange premises or designated storage facilities.

If the existence of a subpoena or impending government investigation is known or is reported to an employee, he or she must immediately contact the Legal Department. Employees must retain all records and documents that may be responsive to a subpoena or pertain to an investigation. Any questions regarding whether a record or document pertains to an investigation or may be responsive to a subpoena should be directed to the Legal Department before the record or document is disposed of.

Electronic Communications System

The Exchange's technical resources, including desktop and portable computer systems, fax machines, Internet and World Wide Web access, voice mail, electronic mail, electronic bulletin boards, and its intranet, enable employees quickly and efficiently to access and exchange information throughout the Exchange and around the world. When used properly, these resources greatly enhance employee productivity and knowledge.

The Exchange's technical resources are provided for the benefit of the Exchange and its customers, vendors, and suppliers. These resources are provided for use in the pursuit of Exchange business and are to be reviewed, monitored, and used only in that pursuit. The Exchange's technical resources may not be used for personal gain or the advancement of individual views.

Employees are prohibited from sending e-mail or other communications that either mask their identity or indicate that they were sent by someone else. Employees should never access any technical resources using another employee's password. Similarly, employees are only permitted to access the libraries, files, data, programs, and directories that are related to your work duties. Unauthorized review, duplication, dissemination, removal, installation, damage, or alteration of files, passwords, computer systems or programs, or other property of the Exchange, or improper use of information obtained by unauthorized means, is prohibited.

E-mail and Internet/Web access are not entirely secure. Others outside the Exchange may also

be able to monitor employees' e-mail and Internet/Web access. If your work using these resources requires a high level of security, please ask your manager or the IS Department for guidance on securely exchanging e-mail or gathering information from sources such as the Internet or World Wide Web.

All employees should safeguard the Exchange's confidential information, as well as that of customers and others, from disclosure. Do not access new voice mail or e-mail messages with others present. Messages containing confidential information should not be left visible while you are away from your work area. Employees may only access files or programs, whether computerized or not, to which they have been granted permission to open.

E-mail messages containing confidential information should include the following statement, in all legal capital letters, at the top of the message: **CONFIDENTIAL: UNAUTHORIZED USE OR DISCLOSURE IS STRICTLY PROHIBITED.**

Employees are required to promptly report any situation where they suspect that their passwords or security of the Exchange's electronic communications systems has been compromised.

For more information about the Exchange's policy on electronic communications systems, please see the policy "Use of Technology and the Internet" in the Exchange's Employee Handbook or speak with your department Senior Vice President or Vice President, a legal department or human resources representative or the Director of Business Continuity.

Intellectual Property

Employees are prohibited from copying and distributing copyrighted material (e.g., software, database files, documentation, articles, graphics files, and downloaded information) through the e-mail system or by any other means unless the employee has confirmed in advance from appropriate sources that the Exchange has the right to copy or distribute the material. Employees are also responsible for using the Exchange's trademarks and other companies' trademarks appropriately and are prohibited from infringing upon such trademarks. Failure to comply with the legal requirements of a copyright or trademark may result in disciplinary action by the Exchange as well as legal action by the copyright or trademark owner. If you have any question regarding correct use of a copyright or trademark, you should speak with a member of the legal department.

APPLYING THE CODE

Q: The Exchange's IS department just installed a program on my computer that would be very helpful for my sister's business. May I borrow the program from IS and install it on my sister's computer?

A: No, the Exchange's software is likely protected by copyright. By copying a program, you would not only be violating the Code, but you could be subject to legal action by the copyright owner.

Responding to Inquiries from the Press and Others

From time to time, employees may receive calls from media outlets inquiring about Exchange related activities. All calls from any media outlet should be promptly directed to the Press Office at (212) 299-2430, so that the most appropriate response can be made. The Press Office is responsible for returning calls, determining the nature of inquiries, obtaining additional background information, ascertaining the reporters' interests and deadlines, and recommending the most effective follow-up approach. The Press Office will contact employees who have relevant information and work with them in crafting an appropriate response. Employees are not permitted to respond to calls from media outlets absent written approval from the press office .

FAIR DEALING AND FRAUD

Fair dealing is the transaction of business in a manner characterized by candor and full disclosure and free of self-dealing. The Exchange requires its employees to deal properly with the Exchange's customers, suppliers, competitors and employees and not to take advantage of any such person or entity through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice. Employees are prohibited from engaging in embezzlement, misappropriation, and other fiscal irregularities including, but not limited to:

- Any dishonest or fraudulent act;
- Forgery or alteration of any document or account belonging to the Exchange;
- Forgery or alteration of a check, bank draft, or any other financial document;
- Misappropriation of funds, securities, supplies, or other assets;
- Impropriety in the handling of and/or the reporting of money or financial transactions;
- Profiteering as a result of confidential information;
- Disclosing to other persons any confidential information;
- Destruction or disappearance of records, furniture, fixtures, or equipment; and
- Any similar or related irregularity.

CONFIDENTIALITY

Information about the Exchange, its employees, directors, members, customers, suppliers, and vendors is to be kept confidential and divulged only to individuals within the Exchange with both a need to know the information and authorization to receive the information. If in doubt as to whether information should be divulged, an employee should err in favor of not divulging information and discuss the situation with his or her department Senior Vice President or Vice President.

All records and files maintained by the Exchange are confidential and remain the property of the Exchange. Confidential information includes, but is in no way limited to: financial records; business, marketing, and strategic plans; personnel and payroll records regarding current and former employees; the identity of, contact information for, and any other account information on customers, vendors, and suppliers; inventions, programs, trade secrets, formulas, techniques, and processes; and any other documents or information regarding the Exchange's operations, procedures, or practices. Confidential information may not be removed from Exchange premises or disclosed to any outside party without express management authorization.

Confidential information obtained during or through employment with the Exchange may not be used by any employee for the purpose of furthering current or future outside employment or activities or for obtaining personal gain or profit. As a condition of employment, employees are required to enter into written confidentiality agreements confirming their understanding of the Exchange's confidentiality policies.

To ensure that they do not inadvertently disclose confidential information, employees are expected to follow the Exchange's Ten Steps to Protect Confidential Information.

1. Do not discuss confidential matters in public. For example, do not speak about confidential information on elevators, planes, buses, trains and other highly populated places. At business dinners or other meetings in public places, be very careful about what you say. You never know who is listening at the next table.
2. Do not discuss confidential matters on cell phones and use extreme care when speaking on speakerphones.
3. Do not discuss confidential information with friends or relatives.
4. Do not assume that you can share confidential information with anyone who works for the Exchange. Employees must have a need to know confidential information and

- authorization to receive confidential information before you share it with them.
5. Do not leave confidential information in open view on your desk. Ensure that all confidential information is appropriately stored when you are not at your desk.
 6. Do not share your computer, e-mail, or voice-mail passwords with anyone else.
 7. If you need to disclose confidential information for business purposes, consult with the legal department to ensure that proper legal measures are taken to preserve confidentiality.
 8. Do not speak with the press unless you are specifically authorized to do so. Consult the section of the Code, "Responding to Inquiries from the Press and Others," for further guidance.
 9. Remember that your duty not to share confidential information does not end when your employment with the Exchange ends. You may not share confidential information with your next employer. You also may not share confidential information that you learned from a prior employer with the Exchange.
 10. When using electronic communications, ensure that you follow the guidelines set forth in the Code section, "Electronic Communications Systems."

APPLYING THE CODE

Q: I am really excited about a new project that I am working on. May I tell my spouse about the project?

A: No. While you may generally describe the work you are doing, you may not share confidential information with your spouse. For example, you may not identify individuals or companies that are involved, business plans or information, as all of these things are likely confidential. You may not even share confidential information with other Exchange employees unless they have a "need to know" and authorization to receive the information.

EMPLOYEE RELATIONS

The Exchange is committed to maintaining a supportive, respectful and safe workplace for its employees. All employees are expected to work together to establish a workplace that is free of harassment, intimidation, bias and discrimination of any kind. This "Employee Relations" section of the Code of Conduct contains short summaries of some of the Exchange's policies, which are fully detailed in the Exchange's Employee Handbook.

Equal Employment Opportunity and Prohibition Against Discrimination

The Exchange is an equal opportunity employer and is committed to complying with all applicable laws prohibiting discrimination based on race, color, religion, sex, age, national origin or ancestry, sexual orientation, physical or mental disability, covered-veteran status, marital status, as well as any other category protected by federal, state, or local laws ("protected categories"). All such discrimination is unlawful and all persons involved in the operations of the Exchange are prohibited from engaging in this type of conduct.

For more information about the Exchange's Anti-Harassment Policy and Reporting Procedure, please see the Exchange's Employee Handbook or speak with your department Senior Vice President or Vice President, a human resources representative or a member of the legal department.

Anti-Harassment Policy

The Exchange prohibits any and all harassment, whether sexual or based on any other protected category. Employees who violate this policy will be subject to discipline, including termination.

A complete copy of the Exchange's Anti-Harassment Policy can be found in the Exchange's Employee Handbook.

Safety

Employee safety is of the utmost importance to the Exchange. The Exchange is committed to the promotion of the health, safety and wellbeing of all of its employees, to the provision of a safe and healthy work environment, and to the prevention of occupational injuries and illnesses.

For more information about the Exchange's commitment to safety, please see the Security, Smoking, Workplace Violence and Drug and Alcohol Abuse policies located in the Exchange's Employee Handbook or speak with your department Senior Vice President or Vice President, a human resources representative or a member of the legal department.

Employee Privacy

The Exchange strives to respect employees' rights to privacy, but at the same time recognizes that there are certain limited circumstances under which Exchange representatives may need to inspect employees' desks, lockers or other Exchange property assigned to them or to require employees to display items in their personal possession.

For more information about Employee Privacy, please see the sections on Employees' Property and the Inspection of Exchange Property in the Exchange's Employee Handbook or speak with your department Senior Vice President or Vice President, a human resources representative or a member of the legal department.

COMPLIANCE WITH LAWS RULES AND REGULATIONS

Compliance with applicable laws, rules and regulations, both in letter and in spirit, is one of the foundations on which the Exchange's ethical policies are built. Employees must understand and take responsibility to comply with the laws, rules and regulations of the cities, states and countries in which we operate. Although employees may not know the details of all these laws, rules and regulations, it is important to know enough to determine when to seek advice from the General Counsel or other appropriate personnel.

Insider Trading

Exchange employees are prohibited from engaging in insider trading. Insider trading refers generally to buying or selling a security, in breach of a fiduciary duty or other relationship of trust and confidence, while in possession of material, nonpublic information about the security. Insider trading violations may also include "tipping" such information, securities trading by the person "tipped," and securities trading by those who misappropriate such information.

In general, information is "material" as to a security if its public disclosure would affect the price of the security. Examples of events or developments that should be presumed to be "material" include:

- A merger, acquisition or takeover proposal involving the issuer of the security;
- The purchase or sale of substantial assets;
- A proposed issuance of new securities;
- Significant changes in management;
- Financial liquidity problems;
- Significant changes in operations or products;
- Major litigation;
- Increases or decreases in dividends;

- Any financial forecasts or earnings estimates; and
- Changes in previously disclosed financial information.

Please understand that this list is not exhaustive and is merely illustrative of information that is usually material. Information is "non-public" until it has been effectively communicated to the marketplace through appropriate news media. In many cases, this may require the passage of several trading days after any initial disclosure.

If you have any question regarding compliance with the prohibition on insider trading, you should speak with a member of the legal department.

APPLYING THE CODE

Q: I understand that as an Exchange employee I am prohibited from directly or indirectly trading futures or options contracts or cash commodities trading on this or any other commodity exchange, but how do I ensure that I do not engage in "tipping"?

A: You are correct. As the Code section, "Futures and Options Trading and Exchange Membership," details you may not trade securities or own a membership in any commodity exchange. To avoid tipping, the Exchange prohibits employees from disclosing inside information to anyone, including co-workers unless the co-worker has a need to know the information and authorization to receive the information. All employees are expected to follow the Exchange's 10 Steps to Protect Confidential Information as listed in the "Confidentiality" section of the Code.

Antitrust Laws

Exchange employees are prohibited from violating anti-trust laws. Antitrust laws are laws that apply to virtually all industries and to every level of business, which prohibit a variety of practices that restrain trade. Examples of illegal antitrust practices including: agreements between competitors to fix prices or limit the amount of goods in supply; corporate mergers likely to reduce the competitive vigor of particular markets; and predatory acts designed to achieve or maintain monopoly power.

If you have any question regarding compliance with the antitrust laws, you should speak with a member of the legal department.

APPLYING THE CODE

Q: How do I avoid violating antitrust laws?

A: To ensure you do not violate antitrust laws, you should not engage in oral or written agreements with competitors. You should also limit interactions with competitors or potential competitors. Finally, you should refer to the Code section, "Executing Contracts" before entering into any agreement with a competitor or potential competitor.

Foreign Corrupt Practices Act and Interaction with Government Officials and Employees

The Foreign Corrupt Practices Act ("FCPA") is a federal law that broadly prohibits (1) any "corrupt" offer, payment, promise to pay, or authorization to pay; (2) any money, gift, or anything of value; (3) to any foreign official, or any foreign political party, candidate or official; (4) for the purpose of influencing any act or failure to act in the foreign official or party's official capacity;

or

(1) inducing the foreign official or party to use influence; (2) to affect a decision of a foreign government or agency; (3) in order to obtain or retain business for anyone, or direct business to anyone.

In simpler terms, any attempt of any employee of the Exchange to attempt to bribe any foreign official, or any United States official, is not only a violation of the Code, but is illegal.

The Exchange prohibits payment from its funds or assets to any domestic or foreign government, labor union, or any current or prospective customer or supplier for the purpose of improperly obtaining a desired government action, or any sale, purchase, contract or other commercial benefit. This prohibition applies to direct or indirect payments made through third parties and employees and is intended to prevent bribes, kickbacks or any other form of payoff.

When dealing with government officials in foreign countries, employees should keep in mind that under the FCPA, "facilitating payments" made in foreign countries to low-level government employees may be permissible in certain circumstances. However, all such payments must be cleared in writing by the Exchange's legal department. If you have any question regarding compliance with the Foreign Corrupt Practices Act, you should speak with a member of the legal department.

Political Contributions and Lobbying

Employees are not permitted to engage in "lobbying activities" or make any direct or indirect political contributions on behalf of the Company absent written approval of the legal department.

"Lobbying activities" generally include attempts to influence the passage or defeat of legislation or making of governmental regulation or policy, and include: (1) communicating with any member or employee of a legislative branch of government for the purpose of influencing legislation; (2) communicating with certain government officials for the purpose of influencing government action; or (3) engaging in research or other activities to support or prepare for such communication.

If you have any question regarding compliance with the prohibition of lobbying activities or regarding making direct or indirect political contributions, you should speak with a member of the legal department.

APPLYING THE CODE

Q: I am running for my local school board. Can I make my posters on the Exchange's computer and print copies of them to post around town?

A: No. Employees are not permitted to use Exchange resources for personal or political activities. While the Exchange encourages its employees to be active members of their communities, all such participation must be done on their own time and without Exchange resources. Using Exchange resources could be viewed as an in-kind political contribution.

Gathering Competitive Information

Employees are free to gather information about the Exchange's competitors so long as they adhere to the Exchange's principles of integrity, openness and fairness. Employees are permitted

to gather information only from public sources such as newspapers, advertisements, surveys by consultants, public industry reports and conversations with competitors and customers. Employees may never misrepresent their identity or relationship with the Exchange when speaking with others. The Exchange respects other companies' non-competition and non-solicitation agreements with their former employees and requires all employees who are subject to such restrictions promptly to inform the Exchange so that the Exchange can ensure that these agreements are not violated.

If you have any question regarding proper gathering of competitive information or regarding compliance with a non-competition or non-solicitation agreement, you should speak with a member of the legal department.

APPLYING THE CODE

Q: I was recently hired by the Exchange. I have information from my former employer that I believe would be helpful to the Exchange and would impress my new boss. Can I share this information?

A: Unless this information is public, you may not share this information. The Exchange prohibits employees from sharing the Exchange's confidential information if you leave the Exchange, and similarly respects other companies' confidential information. In addition, if you signed a confidentiality agreement or non-competition agreement with your former employer, you and the Exchange could be subject to legal action for violating such an agreement. Employees are required to inform the Exchange of any such agreements with former employers prior to accepting employment. You should contact the legal department for more information about your particular situation.

NYMEX Holdings, Inc.
CODE OF ETHICS
FOR
PRINCIPAL EXECUTIVE OFFICER
SENIOR FINANCIAL OFFICERS

1. INTRODUCTION

This Code of Ethics ("Code") of NYMEX Holdings, Inc., (the "Company") applies to the principal executive officer, the principal financial officer, the principal accounting officer or controller or persons performing similar functions (each an "Officer"). This Code covers policies designed to promote (1) honest and ethical conduct, (2) avoidance of conflicts of interest, (3) full, fair, accurate, timely and understandable disclosure and (4) compliance with applicable governmental laws, rules and regulations. Each Officer must conduct him/herself according to these policies and seek to avoid even the appearance of improper behavior.

Each Officer will be held accountable for adherence to this Code. Those who violate the policies in the Code will be subject to disciplinary action, up to and including a discharge from the Company and, where appropriate, civil liability and criminal prosecution. ***If you are in a situation that you believe may violate or lead to a violation of this Code, you must report the situation as described in Section 7 of this Code.***

2. HONEST AND ETHICAL CONDUCT

Each Officer must always conduct him/herself in an honest and ethical manner. Each Officer must act with the highest standards of personal and professional integrity and not tolerate others who attempt to deceive or to evade responsibility for actions. All actual or apparent conflicts of interest between personal and professional relationships must be handled honestly, ethically and in accordance with the policies specified in this Code.

3. CONFLICTS OF INTEREST

The Company respects the rights of each Officer to manage their personal affairs and investments and does not wish to intrude upon their personal lives. At the same time each Officer must act in the best interests of the Company and avoid situations that present a potential or actual conflict between their private interests and the interests of the Company.

A "**conflict of interest**" exists when a person's private interest interferes in any way with the interests of the Company. A conflict situation can arise when an Officer takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest also arise when an Officer or members of his or her immediate family receive improper personal benefits as a result of his or her position in or with the Company. Loans to, or guarantees of obligations of Officers or their immediate family members also create conflicts of interest.

Conflicts of interest may not always be clear cut, so if an Officer knows of any material transaction or relationship that reasonably could be expected to give rise to such a conflict (whether the transaction involves that Officer or another Officer), that Officer must disclose the situation as described in Section 7 of this Code. ***Additionally, each Officer will continue to be subject to the conflict of interest guidelines and policies of NYMEX Holdings, Inc. and its subsidiaries.***

4. COMPLIANCE WITH APPLICABLE GOVERNMENTAL LAWS, RULES AND REGULATIONS

Compliance with applicable governmental laws, rules and regulations, both in letter and in spirit, is one of the foundations on which this Company's ethical policies are built. As an Officer, you must understand and take responsibility to comply with the governmental laws, rules and regulations of the cities, states and countries in which we operate. For example, it is critical that you understand the

governmental laws, rules and regulations applicable to disclosures the Company is required to make in its periodic reports and otherwise. Although you may not know the details of all these laws, rules and regulations, it is important to know enough to determine when to seek advice from the General Counsel or other appropriate personnel.

5. RULES TO PROMOTE FULL, FAIR, ACCURATE TIMELY AND UNDERSTANDABLE DISCLOSURE

You must take the following steps to ensure full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with the Securities and Exchange Commission ("SEC") and in other public communications made by the Company:

1. Carefully review drafts of reports and documents the Company is required to file with the SEC before they are filed and Company press releases or other public communications before they are released to the public, with particular focus on disclosures each Officer does not understand or agree with and on information known to the officer that is not reflected in the report, document, press release or public communication.
2. Meet with the disclosure committee, members of senior management not on the committee, division heads, accounting staff and others involved in the disclosure process to discuss their comments on the draft report, document, press release or public communication.
3. Establish and maintain disclosure controls and procedures that ensure that material information is included in each report, document, press release or public communication in a timely fashion.
4. Consult with the audit committee on a regular basis to determine whether they have identified any weaknesses or concerns with respect to internal controls.
5. When relevant, confirm that neither the Company's internal auditors nor its outside accountants are aware of any material misstatements or omissions in the draft report or document, or have any concerns about the management's discussion and analysis section of a report.
6. Bring to the attention of the disclosure committee and/or audit committee matters that you feel could compromise the integrity of the Company's financial reports, disagreements on accounting matters and violations of any part of this Code.
7. Always act with the highest standards of personal and professional integrity: do not tolerate others who, attempt to deceive, or evade responsibility for actions.

6. WAIVERS OF OR CHANGES IN THIS CODE

Any waiver of this Code for an Officer will be promptly disclosed as required by law or regulation of the SEC. Any change in this Code will also be promptly disclosed as required by law or regulation of the SEC.

7. REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOR

If you believe that actions have taken place, may be taking place or may be about to take place that violate or would violate this Code, you must bring the matter to the attention of the Company. You are encouraged to talk to the General Counsel or other appropriate personnel about observed illegal or unethical behavior or when uncertain about the best course of action in a particular situation. Any supervisor or manager who receives a report of a potential violation of this Code must report it immediately to the General Counsel.

You are required to communicate any violations of this Code to the Company's General Counsel, by any of the following methods:

- In writing either by personal delivery, internal mail or U.S. Mail;
- By e-mail; or

- By telephone

We would prefer you identify yourself to facilitate our investigation of any report. However, you may choose to remain anonymous. We will use reasonable efforts to protect the identity of any person who reports potential misconduct and any retaliation for reports of misconduct by others made in good faith will not be tolerated. Indeed, any employees, officers or directors who engage in retaliation are subject to discipline, up to and including termination, and in appropriate cases, civil and/or criminal liability. We will also use reasonable efforts to protect the identity of the person about or against whom an allegation is brought, unless and until it is determined that a violation has occurred. Any person involved in any investigation in any capacity of a possible misconduct must not discuss or disclose any information to anyone outside of the investigation unless required by law or when seeking his or her own legal advice and is expected to cooperate fully in any investigation.

Any use of reporting procedures in bad faith or in a false or frivolous manner will be considered a violation of this Code.