

Exhibit C

The following narrative sets forth the fitness standards for the Board of Directors and its composition including the number and percentage of public directors.

SEF Directors shall be appointed by the Nominating Committee.

The Nominating Committee of the Board shall consist of three Directors appointed from time to time by the Board, two of which shall be Public Directors (i.e., at least 51% Public Directors). The Nominating Committee shall be chaired by a Public Director.

The Nominating Committee shall have the authority to identify individuals qualified to serve on the Board, consistent with the criteria that the Board require and any composition requirement that the Commission promulgates; and administer a process for the nomination of individuals to the Board.

The Nominating Committee reports to the Board.

Fitness standards and composition of the SEF Board of Directors, including the number and percentage of Public Directors:

1) Composition.

At all times, at least 35% of the Directors shall be Public Directors. Each Director (including Public Directors) shall be appointed by the Nominating Committee (which shall be composed of two Public Directors and one internal Director) in accordance with the Tradition SEF Operating Agreement. The current SEF Board consists of five internal Directors and three Public Directors, the latter of which equals 37.5% of Board representation.

2) Fitness Standards.

To qualify as a Director, consideration is given to depth of industry experience, Length of time each present officer, director or governor has held the same office or position, the directors' other business affiliations in the derivatives and securities industry, relevant experience for any committees on which they may serve, and the director's regulatory history, specifically in view of a description of:

- (1) Any order of the Commission pursuant to section 5e of the Act;
- (2) Any conviction or injunction within the past ten (10) years;
- (3) Any disciplinary action within the last five (5) years;
- (4) Any disqualification under sections 8b and 8d of the Act;
- (5) Any disciplinary action under section 8c of the Act; and,
- (6) Any violation pursuant to section 9 of the Act.

To qualify as a Public Director, an individual, in addition to the above criteria for Directors, must be found, by action of the Board, to have no material relationship with the SEF. The Board must make such finding upon the nomination or appointment of the Director and as often as necessary in light of all circumstances relevant to such Director, but in no case less than

annually. A “material relationship” is one that reasonably could affect the independent judgment or decision-making of the Director. In making the finding specified in this Rule, the Board need not consider previous service as a Director of the SEF to constitute a “material relationship.” A Director shall be considered to have a “material relationship” with the SEF if any of the following circumstances exist or have existed within the past year:

- (i) Such Director is an Officer or an employee of the SEF, or an officer or an employee of an Affiliate of the SEF;
- (ii) Such Director is a Participant or Owner of the SEF;
- (iii) Such Director is a director, an officer, or an employee of a Participant or Owner of the SEF;
- (iv) Such Director is an officer of another entity, which entity has a compensation committee (or similar body) on which any Officer of the SEF serves;
- (v) Such Director, or an entity with which the Director is a partner, an officer, an employee, or a director, receives more than \$100,000 in combined annual payments for legal, accounting, or consulting services from the SEF or its Affiliate, any member of the SEF, or any Affiliate of such member. Compensation for services as a Director of the SEF or as a director of an Affiliate thereof does not count toward the \$100,000 payment limit, nor does deferred compensation for services rendered prior to becoming a Director, so long as such compensation is in no way contingent, conditioned, or revocable; or, in the case of a public director that is a member of the Regulatory Oversight Committee or the SEF Participant Committee, such public director accepts, directly or indirectly, any consulting, advisory, or other compensatory fee from the SEF or its Affiliate or any member of the SEF or the member’s Affiliate, other than deferred compensation for service rendered prior to becoming a member of the Regulatory Oversight Committee or the SEF Committee, provided that such compensation is in no way contingent, conditioned, or revocable. This Rule does not apply to compensation received in the public director’s capacity as a member of the Regulatory Oversight Committee or SEF Participant Committee.

Any of the relationships set forth in SEF Rule 203 apply to the “immediate family” of such director, i.e., spouse, parents, children, and siblings, in each case, whether by blood, marriage, or adoption, or any person residing in the home of the director or that of his or her “immediate family.”

A Public Director of any SEF specified in SEF Rule 201 may also serve as a public director of an Affiliate of the SEF if he or she otherwise meets the requirements set forth in SEF Rules 201 through Rule 203.