

## **RULE 3 – EXCHANGE COMMITTEES**

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## **RULE 3 – EXCHANGE COMMITTEES**

### **3.01 Committees – Mandating and Delegation**

- a. The committees set out in this Rule are constituted, mandated and appointed by the Board of Directors pursuant to the provisions of Article Five of the By-law.
- b. The Board of Directors delegates to the committees in Part A of this Rule, all powers necessary to fulfill the purpose and duties set out in these Rules. All committees set out in Part B to this Rule are constituted to provide advisory services to management of the Exchange.
- c. The President of the Exchange is, ex officio, appointed to all committees, other than the Arbitration and Expedited Arbitration Committee and the Discipline Committee.

### **3.02 Confidentiality**

- a. Committee members shall maintain in strictest confidence all information, including, but not limited to, all discussions held, decisions taken, information sought or obtained, facts disclosed, Documents and Records, received as a result of his or her service on a committee. No such information may be used to the detriment of any third party or to the advantage or gain of the committee member or his or her employer.
- b. Notwithstanding the provisions of a. above, the committee and/or the Exchange shall disclose such information as is necessary for the proper execution of the committee's mandating Purpose and Duties. All such disclosure shall be made through the regular administrative channels of the Exchange.

### **3.03 Term, Removal, Resignation, Vacancies**

- a. Term and Removal

All committee members shall hold office until the appointment of his or her successor. All committee members hold office subject to the pleasure of the Board.

- b. Resignation

A committee member may resign at any time by giving written notice of his or her resignation to the President and such resignation, unless specifically contingent upon its acceptance, will be effective as of its date or the date specified therein.

- c. Resignations or Vacancies

Any resignation may be replaced and any vacancy may be filled by the President, subject to ratification by the Board at its next meeting.

### **3.04 Minutes and Reporting**

Each committee shall keep minutes of its meetings in which shall be recorded all actions(s) taken by it, and the minutes, and where appropriate, a written report, shall be submitted to the Board at its next meeting for its information.

## Part A

### 3.05 Arbitration and Expedited Arbitration Committee

#### a. Composition

At least twelve (12) people will be named to the Committee. Any three (3) members will constitute a quorum for the purpose of a hearing under the Rules.

#### b. Purpose & Duties

- (i) To arbitrate commercial disputes relating generally to the business of the Exchange and/or Clearinghouse including the underlying cash market as are properly brought before it by a Participant, employee of a Participant, Market Participant, customer of a Futures Commission Merchant or any other person related to the Exchange, and to make decisions thereon in accordance with these Rules; and
- (ii) To hear and determine expedited arbitration hearings in accordance with the Rules.

### 3.06 Discipline Committee

#### a. Composition

The Discipline Committee is composed of up to thirty-five (35) persons, at least nine (9) of whom shall be Participants or employees of Participants. The Board shall endeavor to include representation from all registration categories of Participants. The Board shall endeavor to appoint persons with varied expertise and abilities and shall ensure the appointments include lawyers and/or retired judges.

No member of the Discipline Committee may serve on the Special Regulatory Committee.

#### b. Purpose & Duties

The Discipline Committee is the initial disciplinary committee of the Exchange. It shall sit on disciplinary hearings and review settlement proposals brought to it, all in accordance with the Rules.

A quorum of the Discipline Committee consists of three (3) members. At least one (1) member of each panel shall be a lawyer or retired judge, who shall act as Chairman of the panel for each hearing.

## Part B

### 3.07 Options Committee

#### a. Composition

The Options Committee shall be comprised of up to twenty-five (25) persons, which may include an employee of the Exchange.

#### b. Purpose & Duties

- (1) To observe, review, and examine all things which affect the trading of options; and
- (2) To suggest to management and the Board possible new options products.

### **3.08 Electronic Trading Committee**

a. Composition

The Electronic Trading Committee is composed of up to twenty (20) persons, which may include an employee of the Exchange.

b. Purpose & Duties

To review such matters relating to Participant and trading issues as are brought forward to the committee by management of the Exchange.

### **3.09 Contract Committee**

a. Composition

The Contract Committee shall be composed of up to thirty-five (35) persons, including the President.

b. Purpose & Duties

- (1) To observe, review and examine all things which affect the delivery processes and trading provisions of contracts;
- (2) To review the milling wheat, durum wheat, and barley contracts on an least an annual basis and provide the board with recommendations on all contract matters, including, but not limited to, delivery regions and non-par price differentials, contract deliverable grades, and the shipment processes; and
- (3) To provide advice as requested by management of the Exchange on any matters connected with contracts, including issues that may require liaison, consultation or negotiations between the Exchange and government agencies or departments and trade organizations.