

OPERATING GUIDELINES

Of

FIA EUROPEAN PRINCIPAL TRADERS ASSOCIATION

A Foreign Chapter and Division of the Futures Industry Association, Inc.  
January 2016

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#### ARTICLE I

##### General

Section 1.1. Name. The FIA European Principal Traders Association (the “**Chapter**”) is a foreign chapter of the Futures Industry Association, Inc. (the “**FIA**”). The Chapter has been approved by the FIA to operate as a foreign chapter in accordance with FIA’s Bylaws (the “**FIA Bylaws**”).

Section 1.2. Purpose and Status. The purposes for which the Chapter has been organized shall be to voice the traders’ opinions towards legislators and regulators in Brussels and the EU member states. The Chapter supports transparent, robust and safe markets which provide a level playing field for all. These goals are promoted by opening up markets to competition and guaranteeing fair access to participants. Members of the Chapter (the “**Chapter Members**”) believe principal traders contribute significantly to this goal by providing liquidity and enabling immediate risk transfer by others. The Chapter is not a separate corporation and does not have nor shall it hold itself out to have authority to bind the FIA with respect to any matter or issue.

Section 1.3. Territory. The Chapter shall serve the European geographic area encompassing the European Economic Area and Switzerland. Only the FIA Board of Directors, or its designee (“**FIA Board**”) may change the geographic territory of a Chapter.

Section 1.4. License Agreement. The Chapter and Chapter Members shall be bound at all times by the Intellectual Property License Agreement dated as of May 27, 2011 between the FIA and the Chapter, as may be amended from time to time (the “**License Agreement**”), which License Agreement is incorporated into these operating Guidelines by this reference.

Section 1.5. Governance of Chapter. Except as set forth in these Guidelines, the FIA Bylaws, and the License Agreement, the management and control of the Chapter shall be under the direction of the Chapter’s Executive Committee (the “**Executive Committee**”). In the event that there is a conflict between these Guidelines, the FIA Bylaws, and/or the License Agreement, the FIA Bylaws will control.

Section 1.6. Amendment of Guidelines. These Guidelines may be amended at the direction of the Chapter’s Executive Committee and the prior express written approval of the FIA Board.

Section 1.7. Termination of Chapter by FIA. The FIA Board may at any time, by resolution adopted by a majority of the entire FIA Board, terminate the existence of the Chapter with or without cause. Upon such action by the FIA Board, the FIA Board shall provide ninety (90) days prior written notice of the termination, which termination shall be effective at the end of such ninety (90) day notice period. Within ten (10) days of delivering the notice of termination, the FIA shall consult with the Chapter and then prepare and deliver a separate written notice to the Chapter which notice shall provide instructions to the Chapter regarding operations during the days then remaining in the ninety (90) day termination period including, for example, the use of the FIA name during the ninety (90) day period, the preparation of comment letters, and the disposition of any special assessments that may have been collected by the FIA for the Chapter's specific benefit.

Section 1.8. Termination of Chapter by Chapter. In order to terminate its recognition as an FIA Chapter, the Executive Committee shall first vote, pursuant to Section 3.8 of these Operating Guidelines, to seek termination of FIA Chapter status from the FIA. In the event the Chapter elects to seek termination of its recognition as a Chapter of the FIA, the Chapter shall provide FIA with ninety (90) days prior written notice of its intent to terminate as an FIA Chapter. Within ten (10) of receiving such notice, the FIA shall consult with the Chapter and shall then prepare a letter providing instructions to the Chapter regarding operations during the days then remaining in the ninety (90) day termination period including, for example, the use of the FIA name during the ninety (90) day period, the satisfaction of any outstanding liabilities, the assignment of any existing agreements, the preparation of comment letters, and the disposition of any special assessments that may have been collected by the FIA for the Chapter's specific benefit. but that remain unspent.

Section 1.9. Actions Subsequent to Effective Date of Termination. In the event of termination by either party, and subject to the conditions and limitations set forth in the Intellectual Property License Agreement dated May 27, 2011, and expressly agreed to by all Chapter Members as part of their application process, Chapter Members will be free to continue another association, explicitly not linked to the FIA.

## ARTICLE II

### Chapter Members

Section 2.1. Chapter Members. Membership is open to any Principal Trading Firm that is an Associate Member of the FIA in good standing and current on payment of FIA dues as provided in the FIA Bylaws, (A) who have signed the Membership Application for admission as a Chapter Member, which membership agreement includes an express acknowledgement that if membership is approved, such Chapter Member agrees to and will be bound by these Guidelines and the License Agreement, and (B) following such approval, who pay their membership dues to the Chapter. Membership in the Chapter is limited to firms trading their own capital in exchange-traded markets. Prospective members of the Chapter are requested to support the

principles of the Chapter. All Chapter Member firms must consent to have their firm name included in the membership listing on the Chapter website.

Section 2.2. Admission of Chapter Members.

(a) ***Procedure for Membership.*** Candidates for admission as Chapter Members shall be proposed by an existing member of the Chapter's Executive Committee and, assuming they satisfy the conditions for membership, must be approved by the majority vote of the Executive Committee members at a meeting of the Chapter's Executive Committee where a quorum is present.

(b) ***FIA Associate Membership.*** Prospective members of the Chapter that are not current FIA Associate Members in good standing must become Associate Members of the FIA in good standing before being admitted to membership in the Chapter. Such prospective members shall prepare and submit both an application for Chapter membership and an application for FIA Associate membership to the Chapter Chairman or his or her designee. The Chapter Chairman will pre-review the Chapter Application and, if such prospective member otherwise satisfies the conditions for Chapter membership on a preliminary basis, shall send the Chapter and FIA membership applications to the FIA President or his or her designee for review. The FIA President shall follow the process established by the FIA board from time to time for admission of FIA Associate Members as set forth in the FIA Bylaws, which process includes reviewing the membership application and obtaining two sponsorships: one from a Regular Member of the FIA and one from a member of the board who represents principal traders.

(c) ***Notification of Membership.*** Once and if the FIA President, or his or her designee, determines that such prospective member of the Chapter is qualified for admission as an FIA Associate Member, the FIA President or his or her designee shall simultaneously notify the new member and the Chapter as to the approval of the FIA Associate membership application and Chapter membership application. Once a prospective Chapter member's application has been approved by the FIA President, the Chapter Chairman does not have the authority to refuse admission to the prospective member of the Chapter.

(d) ***Effectiveness of Membership.*** Chapter Membership shall be effective upon the approval of the Chapter Member application by the FIA Board and the Chapter Executive Committee and, following such approval, the payment of the initial year's FIA and Chapter membership dues.

Section 2.3. Membership Rights and Obligations. The Chapter shall have one class of members with such qualifications and rights as set forth in these Guidelines:

(a) ***Powers and Rights.*** Chapter Members shall have only such voting rights as may be expressly provided to them by these Guidelines and the FIA Bylaws.

(b) ***Obligations and Principles.*** Chapter Members shall work with the Chapter's Executive Committee to achieve the Chapter's goals as set forth below:

(i) **Regulation.** Chapter Members believe that well regulated markets provide stability and create efficiencies. For this reason, market participants and trading platforms should be appropriately regulated.

(ii) **Stability.** Chapter Members believe that stable, reliable and well functioning markets increase security and safety and provide the foundations that encourage investor confidence. Chapter Members support mechanisms that increase stability in the market, for example, the use of central counterparty facilities.

(iii) **Transparency.** Chapter Members believe that markets should strive for real transparency for investors and market participants, both pre and post trade. Trading of standardized OTC products should take place on organized trading venues in order to provide increased transparency to the market and regulators.

(iv) **Risk management.** Chapter Members believe in having risk controls in place to ensure orderly, safe and secure markets.

(v) **Competition.** Chapter Members believe that fostering competition between market participants, trading platforms, clearing platforms and co-location facilities is necessary for encouraging innovation and promoting market efficiencies.

(vi) **Equality of access.** Chapter Members believe that access to markets should be open to all, non-discriminatory, and provided at a reasonable cost to market participants in order to minimize barriers to entry and increase competition.

(vii) **Equality of information.** Chapter Members believe all market participants should have access to the same trading information in order to provide a level playing field.

(viii) **Efficiency.** Chapter Members believe in the most efficient markets. Technological innovation drives changes in market structure that make markets more efficient and competitive benefitting participants and leads to a better result for the end investor.

(ix) **Integrity.** Chapter Members believe that firms should operate with integrity in the market, and communicate with regulators in an open and honest way.

Section 2.4. **Resignation.** Any Chapter Member may terminate membership in the Chapter by notice in writing to the Secretary-General. Any Chapter Member may be suspended

or expelled by the FIA or the Chapter Executive Committee as provided in Article VI, Section 6, of the FIA Bylaws and these Guidelines. Acceptance of the resignation shall not be necessary to make it effective unless it so states. A Chapter Member shall not be entitled to a refund of dues upon termination of membership, whether voluntary or otherwise, for any reason.

Section 2.5. Chapter Meetings. Meetings may be called by the Chairman or in his or her absence, the Secretary-General, as required. Meetings also may be requested by three Chapter Members with good cause. Each Chapter Member firm may send three (3) representatives to meetings; the number of representatives participating via telephone access is not restricted. The specific date, location and time of Chapter Meetings shall be selected by the Chapter Chairman. Meetings will take place at least quarterly by phone or in person and notices should clearly indicate the business that will be conducted at the meeting. Minutes of the meeting will be kept and distributed to Chapter Members. The Chapter meeting held in the month of June shall be the annual meeting of the Chapter Members.

Section 2.6. Voting. At any meeting of Chapter Members, Chapter Members shall be entitled to one (1) vote in total per Chapter Member firm and its affiliates. The Secretary-General prior to the meeting must receive mail votes. No Chapter Member firm may have more than one (1) vote per firm on any subject. Except as otherwise required by these Guidelines, approval of an action at a meeting of the Chapter Members shall require the approval of a majority of the Chapter Members voting at a meeting at which there is a quorum present (including any mail vote permitted).

Section 2.7. Quorum. Fifty-one percent (51%) of the voting membership of the Chapter present in person, or by mail ballot, shall constitute a quorum for the transaction of any business at any meeting of the Chapter; provided that the representatives representing the Chapter Members at a meeting of the Chapter shall include at least seventy-five percent (75%) of the members of the Executive Committee then in office.

Section 2.8. Membership Term and Dues. Membership in the Chapter is for one (1) year, commencing on July 1 and ending on June 30 of each year (the “**Membership Year**”), unless otherwise terminated in accordance with these Guidelines. Membership dues shall be set annually by the Chapter Executive Committee by resolution and with the Approval of the FIA President or his or her designee. For Chapter Members joining following the conclusion of the sixth (6th) month in any given year, annual Chapter dues shall be seventy percent (70%) of the regular Annual Dues amount. After the initial year of Chapter membership, continued membership is conditioned upon timely payment of the annual membership dues.

Section 2.9. Termination of Chapter Membership. In the event a Chapter Member is no longer an FIA Associate Member in good standing, such entity’s classification as a Chapter Member shall be immediately terminated with no refund of any dues previously paid. If terminated from Chapter membership, such former Chapter Member may reapply for membership as if it were seeking membership for the first time.

## ARTICLE III

### Executive Committee

Section 3.1. Powers. Subject to Section 1.5 above, the management and control of the Chapter shall be under the direction of the Chapter's Executive Committee, which shall have and may exercise all of the powers of the Chapter other than those powers held by the FIA or the Chapter Members in accordance with these Guidelines or applicable law.

Section 3.2. Number of Executive Committee Members; Qualifications. The Executive Committee, which shall include the Officers of the Chapter, shall be composed of Chapter Members and shall have not less than six (6) nor more than twelve (12) voting members, plus up to three (3) advisory members appointed by majority vote of the Executive Committee. The Vice Chairman of the Chapter, if any, (as determined in accordance with Section 4.1 below) shall serve as an *ex-officio*, voting member of the Executive Committee and the spokesperson. Unless otherwise elected as an officer who is an *ex officio* member of the Executive Committee with vote, the Secretary-General shall be a non-voting member of the Executive Committee. The FIA President or his or her designee shall be an *ex-officio* member of the Executive Committee with vote. The Chairman of the Chapter shall be the Chairman of the Executive Committee meetings. In the Chairman's absence, the Secretary-General or Treasurer or such other member of the Executive Committee as may be appointed by the Chairman, shall serve as Chairman of an Executive Committee meeting. The Secretary-General of the Chapter shall serve as the secretary of the Executive Committee. The secretary shall promptly send all meeting announcements, agendas and minutes of meetings to the FIA President or his/her designee. In the secretary's absence, such other member of the Executive Committee as may be appointed by the Chairman shall serve as the secretary of an Executive Committee meeting.

Section 3.3. Election of Executive Committee Members; Term. The Executive Committee Member of the Chapter shall be a director, an officer, a partner, or a full-time employee of a European Principal Trading Firm that is a Chapter Member and be elected at the annual meeting by majority vote of the Chapter Members voting at a meeting at which there is a quorum present (including any mail vote permitted) for individuals nominated by the Executive Committee. Each member of the Executive Committee shall hold office for the term for which he was elected and until his successor shall have been elected and qualified or until his resignation, disqualification or removal. At each annual meeting of the Chapter Members, up to one-half of the members of the Executive Committee may be elected to the Executive Committee to hold office for a term of two (2) years. At the first annual meeting of the Chapter, one-half of the members of the Executive Committee will serve for a one (1) year term.

(a) Notice of the annual meeting of Chapter Members shall be sent to each Chapter Member by the Secretary-General not less than thirty (30) days prior to the date of the annual meeting. Such notice shall contain a list of the nominees for Executive Committee members and officers of the Executive Committee as determined by the Executive Committee acting as a nominating committee.

(b) At the annual meeting of Chapter Members, each Chapter Member shall be entitled to one (1) vote which may be cast in person or by electronic mail, fax or other agreed upon means. However, any mail vote must be received by the Secretary-General prior to the meeting.

Section 3.4. Vacancies; Reduction of the Executive Committee. Any vacancy in the Chapter's Executive Committee between annual meetings, other than a vacancy resulting from the enlargement of the Chapter's Executive Committee, may be filled by the unanimous vote of the Executive Committee members then in office. Vacancies resulting from an enlargement of the Executive Committee may only be filled by a vote of the members pursuant to Article II of these Operating Guidelines.

Section 3.5. Resignation. Any Executive Committee member may resign by delivering via e-mail or mailing postage prepaid a written resignation to the Chapter at its principal office or to the Chapter Chairman, clerk or assistant clerk, if any. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

Section 3.6. Removal. An Executive Committee member may be removed from office with or without cause at any meeting of the Chapter Members by a vote of seventy-five percent (75%) of the voting membership present in person, or by mail ballot at a meeting of the Chapter Members at which there is a quorum.

Section 3.7. Meetings. The Executive Committee shall meet not less than four (4) times per year in person or via telephone. The meeting held in the month of June shall be the annual meeting of the Executive Committee. Meetings of the Executive Committee may be held without call or notice at such times and such places as the Executive Committee may, from time to time, determine.

Section 3.8. Quorum, Action at Meeting. Except as expressly provided in Section 3.4 of these Operating Guidelines, seventy-five percent (75%) of the members of the Executive Committee then in office, present in person, or by mail ballot, shall constitute a quorum for the transaction of any business at a meeting of the Executive Committee. Any motion adopted by vote of the majority of the Executive Committee members present at a meeting at which a quorum is present shall be the act of the Executive Committee.

Section 3.9. Action Without Meeting. Any action by the Executive Committee may be taken without a meeting if all of the Executive Committee members consent to the action in writing and the consents are filed with the records of the Executive Committee's meetings. Such consent shall be treated for all purposes as a vote of the Executive Committee at a meeting.

Section 3.10. Nominating Committee. There shall be a Nominating Committee which shall nominate persons for submission to the Chapter Members for election to the Executive Committee. The Nominating Committee shall be appointed by the Executive Committee and shall serve one (1) year terms. The Nominating Committee shall consist of at least five (5) but not more than seven (7) members of the Chapter including the Chairman of the Chapter and the

FIA President or his or her designee. The Chairman of the Chapter shall appoint the Chairman of the Nominating Committee who shall conduct the Nominating Committee meetings. No member firm shall have more than one (1) representative on the Nominating Committee. No member of the Nominating Committee shall serve for a period of more than four (4) consecutive years, except that in the event that the Chairman of the Chapter has served on the Nominating Committee for four (4) consecutive years and is re-elected as Chairman for a term that continues thereafter, such person may continue to serve as a member and Chairman of the Nominating Committee until such time as such person's term as Chairman ends. The Nominating Committee shall report its nominations to the Secretary of the Chapter not less than thirty-five (35) days prior to the date of the annual meeting.

Section 3.11. Committees of the Chapter's Executive Committee. The Chapter's Executive Committee may, by the affirmative vote of a majority of the Executive Committee members then in office, appoint other committees consisting of one or more Executive Committee members.

## ARTICLE IV

### Officers

Section 4.1. Officers. The Chapter shall have as Officers: a Chairman, Vice Chairman (as determined in accordance with this Section 4.1), Secretary-General and Treasurer. The Chairman, Secretary-General and Treasurer must be members of the Executive Committee and the Secretary-General and Treasurer may be the same individual. The Vice Chairman, if any, may or may not be a Chapter Member and will serve for a limited time as determined by the Executive Committee by resolution of the Executive Committee. Each Officer shall perform the duties ordinarily pertaining to such office. In addition to the Officers specifically provided for pursuant to this Section 4.1, the Executive Committee may from time to time, at its annual meeting or at any other meeting, designate such other Officers from among the members of the Executive Committee.

Section 4.2. Election. The Chairman, Secretary-General, and Treasurer shall be elected annually by the Executive Committee at their annual meeting by a majority vote of the Chapter Members voting, including any mail votes permitted by these Guidelines; provided that an Executive Committee member who is elected to serve as an officer may refuse to accept such appointment and the Chapter's Executive Committee shall elect a new officer to fill such position.

Section 4.3. Term. The term of office for all Officers shall be for one (1) year. No Chapter Member firm shall hold more than one officer per term. Each Officer shall perform the duties ordinarily pertaining to such office. No Officer shall serve in any one office for more than three (3) consecutive terms. The term of office begins with the 2011 annual meeting.

Section 4.4. Qualification. No officer shall be a member of the Executive Committee solely by virtue of being an officer. Officers must be a director, an officer, a partner, or a full-time employee of a European Principal Trading Firm that is a Chapter Member.

Section 4.5. Removal. Any Officer may be removed from office, with or without cause, by the affirmative vote of seventy-five percent (75%) of the Executive Committee members then in office.

Section 4.6. Resignation. Any Officer may resign by delivering via e-mail or mailing postage prepaid a written resignation to the Chapter at its principal office or to the Chapter Chairman and such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some event.

Section 4.7. Vacancies. Any vacancy occurring in any office shall be filled by the majority vote of the full Executive Committee. A vacancy in the position of the Chairman shall be filled by the Executive Committee within sixty (60) days or until such time as a representative from a member firm can be elected. In any event, the vacancy should be filled no later than the annual election after the vacancy occurs.

Section 4.8. Other Powers and Duties. Subject to these Guidelines and to such limitations as the Executive Committee may from time to time prescribe, the Officers of the Chapter shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as from time to time may be conferred by the Executive Committee.

## ARTICLE V

### Financial Matters

Section 5.1. Dues and Fees.

(a) Establishment and Collection of Chapter Dues. Mandatory membership dues for Chapter Members shall initially be as established by the FIA in consultation with the Chapter. Chapter Membership dues will be reviewed on an annual basis by FIA and the Chapter Executive Committee to ensure that the level of dues reflects the annual direct and indirect costs incurred in the operation of the Chapter. Membership dues may be raised or lowered from time to time at the direction of the FIA, with input from the Chapter. FIA will invoice and collect initial and renewal dues from all of the Chapter Members.

(b) Use of Dues. All funds collected shall be the sole and exclusive property of the FIA. FIA will use Chapter Member dues to pay for the reasonable expenses incurred by the Chapter.

Section 5.2. FIA Support. FIA will (a) enter into contracts, to assist in operation of the Chapter, upon written request of the Executive Committee, (b) be responsible for reasonable expenses incurred under such contracts, and (c) be responsible for the collection of Chapter membership dues. FIA will not responsible for any expenses occurred outside of contracts entered into by the FIA on behalf of the Chapter unless such outside expenses are reasonable and preapproved in writing by the FIA President or his or her designee.

Section 5.3. Bank Accounts. As a division of the FIA under Article VI of the FIA Bylaws, the FIA shall maintain a bank account into which Chapter Member dues will be deposited and comingled with other FIA funds. As a Chapter of the FIA, any dues collected by the FIA shall be and shall remain the sole and exclusive property of the FIA.

Section 5.4. Property and Assets. Any property and/or assets utilized by the Chapter that are purchased, acquired or otherwise improved, obtained and/or maintained using FIA funds (including Chapter Member dues) or the services of FIA personnel, or bear the mark(s) of FIA, are the property of FIA. Provided, however, that to the extent a Chapter Member acting in its individual capacity, or acting with other Chapter Members acting in their individual capacities, acquire or create property and/or assets utilizing non-FIA funds, non-FIA services and non-FIA marks such property and/or assets do not belong to FIA. Property and/or assets that are used by Chapter Members in their individual capacities and which property and/or assets were not purchased with or otherwise obtained or created with FIA funds (including, for example, Chapter Member dues) or were otherwise enhanced through services provided by FIA personnel shall not constitute property and/or assets for purposes of this Section.

Section 5.5. FIA Review; FIA Designee.

(a) All actions taken by the Chapter, its Executive Committee, or any other Chapter committee or by any Officer or representative of the Chapter shall be subject to review by the FIA Board and such other committees or persons as set forth in the FIA Bylaws. If any actions proposed to be taken by the Chapter fall outside the clearly established policies of the FIA Board or any provision of the FIA Bylaws, such actions are subject to prior review and approval by the FIA Board.

(b) The FIA President or his/her designee shall be an *ex officio* Chapter Member, an *ex officio* member of the Executive Committee and an *ex officio* member of all Chapter committees (who as such *ex officio* member shall be entitled to attend all meetings thereof) and transmit to the FIA President or such designee copies of all notices of meeting, agendas, reports and other writing material at the same time and in the same manner as such papers are sent to Chapter Members. Furthermore, the Chapter hereby grants to the FIA President an irrevocable proxy and power of attorney to vote for and take all actions necessary to effect the winding up of the Chapter in the event the Chapter's Charter is withdrawn pursuant to the provisions of these Guidelines and/or the FIA Bylaws.

## ARTICLE VI

### Miscellaneous

Section 6.1. Public Statements of Chapter. Chapter written statements, correspondence, position papers or comment letters will be reviewed by the FIA Board for approval prior to dissemination by the Chapter or any Chapter Member to any other party. In the event such written statements, correspondence, position papers or comment letters are not approved by the FIA Board, Chapter Members are not precluded from disseminating such statements,

correspondence, position papers or comment letters in their individual capacities and not as the Chapter or as Chapter Members. For the avoidance of doubt, approval is not required for conversations between Chapter Members and external parties such as regulators and members of the press.

Section 6.2.           Written Communications. In addition to having all written communications to any government agency, exchange, FCM or other person concerning the views of activities of the Chapter pre-approved by the FIA President, or his or her designee, the Chapter shall promptly provide copies of any final such documents to the FIA President.

Section 6.3.           Copies of Minutes. The Chapter shall promptly submit copies of minutes of meetings of the Chapter Members, the Executive Committee and all other Chapter committees to the FIA President.

Section 6.4.           Notices. All notices under these Guidelines must be in writing and any notice will be deemed to have been properly given (a) when delivered personally; (b) on the business day following the day the notice is sent by recognized overnight courier; or (c) upon acknowledgement of the receipt of a facsimile of the notice. Notices to the Chapter shall be sent to the attention of the current Chapter Chairman at the address on file with the FIA. Notices to the FIA should be sent to the attention of the FIA President, unless the FIA notifies you of a different address in accordance with the requirements of this Section.

Section 6.5.           Meeting Procedures. Except as expressly provided for in these Guidelines, the Chapter shall observe the parliamentary procedures set forth in Robert's Rules of Order.