

undertaking to the Exchange in the form of Undertaking of Nominating Member set out in the Schedule. The Nominating Member shall comply with that undertaking until it has cancelled its nomination of the Local Member in accordance with clause 4.7. The Nominating Member shall be treated in all respects by the Exchange, the Clearing House and other Members as the party making each futures or option contract traded on the Exchange by the Local Member; provided however that that shall not affect the Nominating Member's rights against the Local Member (including the right to take any action or commence any proceedings against the Local Member) in respect of any futures or option contract traded on the Exchange by the Local Member.

- (c) The Board shall consider the application and may call for such further information as it deems necessary. A resolution by the Board to approve a Local Member shall require the affirmative votes of not less than seventy-five per cent of the Board members entitled to receive notice of the meeting at which the application is to be considered. The Board shall not be obliged to hear the Applicant or to furnish any reason for its decision.
- (d) In determining whether to approve an application the Board shall be entitled to consider not only the character, business integrity, financial probity and trading expertise of the Applicant but also the effect of admission of the Applicant in terms of balance, support and development of the various classes of contract, as well as such other matters as the Board may regard as relevant from time to time. Prior to the election the Board shall use its best endeavours to ascertain whether the Applicant is of good character and high business integrity.
- (e) Where an Applicant is approved by the Board for Local Membership the Applicant shall forthwith lodge with the Exchange the Local Membership entrance fee prescribed by the Board, any initial contribution to the Fidelity Fund prescribed by the Board and such proportion of the annual subscription as the Board may determine, and the membership shall not be effective until such amounts have been so lodged.

4.7 The Nominating Member of a Local Member may at any time, without assigning any reason, cancel its nomination of the Local Member by giving written notice of cancellation to the Local Member, the Exchange and the Clearing House. Such cancellation shall automatically:

- (a) suspend the trading rights of the Local Member, without any necessity for a resolution of the Board, until such time as another Trading Member becomes his Nominating Member as provided in clause 4.8 or until the Local Member ceases for any reason to be a Member; and
- (b) release the Nominating Member from its undertaking given pursuant to clause 4.6(b) in respect of any