

## Chapter 4

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## Chapter 4

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**400.00 Members.** Members shall be entitled to admission to the facilities of the Board of Trade as long as they remain a member, and no longer.

**400.01† Identification.** In order to have adequate identification of floor trading personnel and floor traders and uniform information regarding trades executed every member is required to wear an identification badge approved by the KCBT in a prominent position and in proper fashion to be admitted to the trading floor. The badge must be worn at all times while on the trading floor. Failure to wear a badge shall be considered an act detrimental to the welfare of the KCBT (as adopted by Board of Director's Resolution, April 11, 1967).

Note: All personnel on the floor should wear some identifying badge except:

- a. Tradesmen servicing equipment;
- b. Regular messengers who are in and out quickly; and
- c. Regular KCBT staff people and board markers. (July 21, 1980)

**401.00† Former Members.** The Secretary is authorized and directed to issue Permanent Visitor Cards to former members of the KCBT no longer active in business which shall entitle them to access to the trading floor; provided however, that the holders shall observe the usual rules of decorum, shall not transact any business on the trading floor; and provided further, that such cards may be canceled if the holder shall thereafter engage in the grain or futures business (as adopted by Board of Directors' Resolution, October 19, 1977).

**402.00 Non-Members.** Besides members, no person shall be admitted to the trading floor of the KCBT during business hours, except those granted complimentary admission by the Board of Directors, visitors introduced by members in good standing or a KCBT officer, employees, messengers, and service personnel. No person, unless a member, shall transact any business with any visitor except in the capacity of a commission man for such visitor.

**402.01† Non-Members; When May Enter Trading Floor.** Non-members and employees of firms not represented by members may not be admitted to the trading floor. Such persons may observe from the third (3rd) floor visitors' gallery.

**402.02† Non-Member Employees.** Non-member employees of firms represented by a member (member firms) may only enter the trading floor through the center doors, must remain behind the counter, and may only engage in business communications with members representing their employer (as adopted by Board of Directors' Resolution, November 12, 1975).

**402.03† Messengers.** Members (or firms represented by members) who regularly engage in business on the trading floor, may register one (1) or more persons with the KCBT office as "Messengers", for a fee of \$25 a year or part of a year. (Fees are payable in advance and are non refundable.) Persons so registered may enter the trading floor only to communicate, deliver, or pick up messages, and to deliver or pick up samples, all with members of the same firm. They may not conduct any business while on the floor. Only one (1) Messenger per firm may be on the floor at one time. Messengers shall not remain longer than necessary to complete their business. Members or firms are responsible for Messengers' actions while on the floor. Messengers may be registered at any time; however, they must re-register January 1 of each year (as adopted by Board of Directors' Resolution, November 12, 1975).

**402.04† Floor Clerks.** Members (or firms represented by a member) who personally regularly engage in futures transactions on the trading floor, may register with the KCBT office one (1) or more persons to assist them as "Floor Clerks". Two (2) clerks per member may be on the floor at a time. A fee of \$125 per quarter and per clerk on the floor shall be assessed. (The fee for Floor Clerks registered in mid-quarter shall be \$10 for each calendar week left in the quarter or \$20 if there are to be two (2) on the floor.) The Floor Committee and KCBT Staff shall ascertain that there is regular active supervision of Floor Clerks by a member on the floor. They shall wear an appropriate badge for identification. They may be registered at any time; however, they must re-register January 1 of each year (as adopted by Board of Directors' Resolution, November 12, 1975).

**402.05† Floor Clerk; Conditions To Admission.** Floor Clerks registered with the Board of Trade shall be subject to the following:

- a. Floor Clerks must remain by their telephones or work stations, except that they may enter the trading pit to give orders, collect fills, and otherwise communicate with brokers to whom their firm is currently giving orders; and they may check with other members regarding clearing authorization and other clarification of orders.
- b. Floor Clerks may accept orders from any member on the floor for execution on this or other markets.
- c. Floor Clerks may communicate by phone with their employers and with non-members, so long as they do not solicit business.
- d. Floor Clerks may not obtain any cash information (bids, nominals, basis, etc.) from the cash section of the floor.
- e. Floor Clerks are subject to applicable rules such as decorum, etc.
- f. Floor Clerks may not take or place calls in the KCBT telephone booths.
- g. Floor Clerks shall be within the jurisdiction of the Floor Committee, Business Conduct Committee, Futures Committee, the Board of Directors (as adopted by Board of Director's Resolution, November 12, 1975) and pursuant to a Rules Committee interpretation on July 31, 1986 are subject to the same disciplinary procedures as members.
- h. Floor clerks may perform only such services and other clerical, telephone and informational duties as are described in this Resolution 402.05.
- i. Floor clerks shall not have any interest whatsoever in a commodity futures or commodity options account which contains positions in contracts traded at the KCBT. By Board of Directors action on September 30, 1986 (page 1096 of the Board's minutes) the Board interprets this rule to mean that floor clerks can not trade in any commodity futures or commodity options account in this or any exchange, while on the trading floor.

Note: Subparagraphs h and i were adopted by resolution by the Board of Directors and the KCBT was notified by the CFTC by letter dated November 14, 1985, that these resolutions can be effective immediately.

**402.06† Floor Clerk Trainees.** A Floor Clerk Trainee may be permitted on the floor for a five (5) day period upon giving written notice to the KCBT office, provided only one (1) Trainee per firm is on the floor at a time, and the privilege is not abused (as adopted by Board of Directors' Resolution, November 12, 1975).

**402.07† Employee Trainees.** Firms represented by a member may, by registering such employees with the

KCBT office, have one (1) Trainee on the floor at a time for a period of up to four (4) weeks per Trainee, so long as the privilege is not abused. Such persons may not conduct any business on the floor, and the firm is responsible for their actions while on the floor (as adopted by Board of Directors' Resolution, November 12, 1975).

**402.08† Enforcement.** The employees of the KCBT and the Floor Committee are authorized and instructed to enforce the provisions of Rules 402.00 through 402.07† (as adopted by the Board of Directors' Resolution, November 12, 1975).

**403.00 Complimentary Admission.** Persons granted complimentary admission shall be entitled to admission for such time as may be named in the resolution of the Board of Directors admitting them. Visitors introduced by members shall be entitled to admission upon such terms and for such length of time as the Board of Directors may from time to time determine and the introducing member shall be responsible for the visitor(s) admitted.

**403.01† Duration Of Visitor Card; Conditions.** Non-members may be admitted to the trading floor by a member upon issuance of a visitor card, good for five (5) days in a thirty (30) day period. Visitors may not conduct any business on the floor, must observe rules on decorum, may not obtain cash bids from members, and must not get in the way of members' activities. Kansas City employees of firms represented by a member (member firms) may not be issued visitor cards (as adopted by Board of Directors' Resolution, November 12, 1975).

Note: An individual who terminates affiliation with a member firm and files application for membership which has not yet been approved, is entitled to a visitor's ticket if sponsored as a visitor by another member. The visitor's privileges shall be limited to five (5) days in any thirty (30) day period. However, if the individual is an employee of the member firm during the membership posting period, no visitor's ticket may be issued (Board of Directors Clarification, December 26, 1967).

**403.02 Visitor Access; Minimum Age.** There shall be no admittance to the trading floor for persons under sixteen (16) years of age without the prior written consent of the KCBT Secretary's Office. Persons granted special permission by the Secretary's office must, while on the trading floor, at all times be closely supervised by the member or officer registering such person pursuant to Rule 405.00.

**405.00 Visitor Registration.** The names of all visitors introduced by members in good standing or a KCBT officer shall be on their visitor's identification badge and registered in a book kept for that purpose, which shall bear the date of such registration, the address of the visitor, and the name of the introducing person.

**406.00 No Reports To Be Removed.** No person admitted to the facilities of the Board of Trade shall copy or carry away from such areas any market quotations, reports, or other information posted therein for use in any other place.

**407.00 Observance Of Rules.** All persons admitted to the KCBT rooms shall observe the rules and regulations of the KCBT. In the event of any infraction thereof, such person shall, on the order of the Chairman in the case of visitors and the Board of Directors in the case of members, be denied further admission for such time as may be named in such order. Members introducing offending visitors may be censured by the Board of Directors.

**408.00 Decorum.** All members, floor clerks, messengers, visitors and other persons admitted to the KCBT facilities shall observe proper business decorum. Disorderly conduct, sexual harassment, physical violence, the use of profane or obscene language, the commission of any offenses as listed in Rules 408.01 and 408.02, or the violation of any Resolution approved by the Board which relates to exchange floor decorum is a decorum offense. Members are responsible for the conduct of their clerks, messengers and visitors. The penalty for any such offense

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(except for sexual harassment and physical violence, which are covered under Rule 408.03) may be a warning, a fine not to exceed \$500 or a temporary expulsion or suspension from the facilities.

**408.01† Dress Code.** The Kansas City Board of Trade was founded in 1856 and is the world's largest futures market for Hard Red Winter wheat; in addition, it was the originator of the Stock Index Futures Contract in 1982. Thus, it is essential that a measure of presentability be maintained and a serious, business atmosphere be presented to the many visitors and spectators that witness our daily activities.

In keeping with this, member or member firms shall be responsible for adherence of their employees to this directive. This includes members, members' employees, and employees of the Board of Trade. The following attire shall be mandatory at all times (not only during trading hours) on the Trading Floor:

1. Conventional, businesslike attire shall be worn.
2. Members shall wear a business jacket (trading jacket) or suit.
3. Employees of member firms shall wear a jacket as prescribed by the KCBT (i.e., sleeves not rolled up past the elbow) or as provided by the Floor Committee.
4. All men must wear a shirt with a collar. Shirrtails shall be tucked in. If a necktie or bowtie is worn, it shall be worn in a conventional manner, tied above the second button.
5. Men must wear socks. Gym shoes may be worn if they are clean and presentable.
6. Every member, employees of member firms, and Trading Floor staff must wear an identification badge, as approved by the KCBT. The badge must be worn in plain view, on the upper front of each jacket or shirt.
7. Personal attire shall be neat, clean and presentable.

The following attire is **not** acceptable on the Trading Floor.

1. Denim jean pants, jean jumpsuits, bib overalls, painter pants, harem pants, jungle pants, walking shorts, tie-dies, sweat pants, culottes, and all pants that are dirty, frayed, torn, badly wrinkled or otherwise inappropriate.
2. Attire which exposes the body (chest, back, midriff, thighs) that draws excessive attention or detracts from a businesslike atmosphere (i.e., bare midriffs, revealing dresses, hot pants, miniskirts, shorts, tube tops, T-shirts bearing messages, pictures, slogans, sweatshirts, etc.). All clothing that is dirty, faded, torn, frayed, badly wrinkled, too short, or appropriate for manual labor.
3. Footwear with extremely high heels, high platform shoes, thongs, and bedroom slippers.
4. Head-scarves, hats, or similar head coverings.
5. Attire of a general unkempt or ungroomed appearance that does not lend itself to the business atmosphere of a financial institution.

Any member, member employee, or employee of the KCBT will not be allowed on the Trading Floor if he or she does not meet the requirements of this directive.

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**408.02† Offensive Conduct.** The following enumeration shall constitute offensive conduct subject to the provisions of Rule 408.00. Visitors shall abide by the same code of conduct as members, and in the event of an offense by a visitor, such person shall be immediately expelled from the trading floor and visitation privileges withheld from such visitor.

Floor rules to apply at all times.

The following are prohibited:

- a. Sitting on tables, desks, or counters located in the trading hall;
- b. Sitting on steps of trading pit;
- c. Spitting on the floor;
- d. Deliberate littering of floor with paper, grain, or other matter;
- e. Throwing, flipping, or tossing of grain or other missiles;
- f. Carrying beverages and/or food onto trading floor;
- g. Creating a loud or disturbing noise;
- h. Molesting;
- i. Outburst of vulgar or abusive language;
- j. Possession or display of any offensive pictures or publications;
- k. Matching of coins or other open forms of gambling on the trading floor (as adopted by Board of Directors' Resolution, April 14, 1966); and
- l. Smoking is prohibited on the trading floor or in the lounge areas.

**408.03 Physical Violence / Sexual Harassment.** All members and other persons admitted to the KCBT facilities shall not initiate or participate in physical violence or sexual harassment. Violators may be fined up to \$5,000.00 for any violation hereof and expelled and suspended from the facilities. For actions involving a suspension or expulsion of more than one business day, the respondent may request a full disciplinary proceeding pursuant to Rules 1433.00 by filing a written request for such with the Secretary of the Exchange within five (5) business days of the date of notification of such action.

Sexual harassment will not be tolerated on the exchange floor. Sexual harassment consists of unlawful verbal or physical conduct directed at a person when that conduct is based on that person's sex and has a substantive adverse effect on him or her in the workplace. Such conduct may include, but is not limited to, the following:

1. Requests for sexual favors that may or may not be accompanied by threats or promises of preferential treatment with respect to an individual's employment status;
2. Verbal, written or graphic communications of a sexual nature, including lewd or sexually suggestive comments, off-color jokes of a sexual nature or displays of sexually explicit pictures, photos, posters, cartoons, books, magazines, or other items; and

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3. Patting, pinching, hitting or any other unnecessary contact with another person's body or threats to take such action.

**408.04 Enforcement of Decorum.** The Audits and Investigations staff of the Board of Trade shall conduct a review of any alleged violation of the provisions of Rules 408.00 through 408.03. A brief report shall be drafted summarizing the alleged rule violations and any pertinent factual evidence collected. Such report shall be forwarded to the Floor Committee for a determination of sanctions as provided for in these rules. The Floor Committee shall afford the parties involved in the alleged infraction the opportunity to make a brief presentation before the committee at their meeting. In order to provide advance notice of such meeting to the parties involved, the Floor Committee shall meet no earlier than the business day following the alleged infraction.

An informal appeal of the Floor Committee decision may be taken to the Business Conduct Committee, provided the member subject to the decision files a written request for appeal with the Secretary of the Exchange within three (3) business days following the date such member was notified of the decision. The decision of the Business Conduct Committee on appeal shall be final. Absent an appeal, any sanctions shall become effective on the fifth (5th) business day following the date notice of the Floor Committee decision is received by the member subject to the action. In the case of an appeal, any sanctions shall become effective on the second (2nd) business day following the decision of the Business Conduct Committee.

**408.05 Expulsion or Suspension.** Notwithstanding the provisions of Rule 408.04, the KCBT Chairman or the Chairman of the Floor Committee may temporarily expel or suspend any member from the facilities for violations of Rules 408.00 through 408.03 when such action is considered necessary to protect the best interest of the exchange or its members.

**408.06 Formal charges.** For any decorum offense, the Floor committee may, in lieu of imposing sanctions, bring formal charges against a member pursuant to Rule 1414.00 and have the matter handled pursuant to the disciplinary procedures set forth in Chapter 14 of the KCBT rules. The Floor Committee may receive and consider offers of settlement pursuant to Rule 1416.00.