

## **NASDAQ FUTURES, INC.**

### **CORPORATE GOVERNANCE GUIDELINES FOR THE BOARD OF DIRECTORS**

**APPROVED: FEBRUARY 4, 2014**

#### **I. Purpose**

The NASDAQ Futures, Inc. (“Exchange”) Board of Directors has developed corporate governance policies and practices to help fulfill their responsibilities to Futures Participants of the Exchange. These governance policies and practices are memorialized in these guidelines.

The purpose of these Corporate Governance Guidelines (“Guidelines”) is to assist the Board in the exercise of their responsibilities and to provide a concise description of the corporate governance obligations, principles and practices of the Board. The Guidelines, in conjunction with the Exchange’s Certificate of Incorporation, By-Laws, Rules and Committee Charters, form the framework for the governance of the Exchange and help assure that the Board will have the necessary information, authority and practices in place to review and evaluate the Exchange’s business operations and risks, and to make decisions independent of management.

The Board is committed to upholding the highest legal and ethical conduct in fulfilling its responsibilities. The Board expects the Exchange’s Board members, officers and employees to act ethically at all times.

Since the operations of the Board are a dynamic process, these Guidelines are reviewed periodically and are subject to such future refinement or changes as the Board may find necessary or advisable.

#### **II. Mission of the Board**

The Board of the Exchange is vested with all powers necessary for the management and administration of the Exchange’s regulatory and business operations. The Board has a function independent of management and is not responsible for the day-to-day affairs of the Exchange. However, it does have the responsibility to oversee management and be informed, investigate and act as necessary to promote the Exchange’s regulatory obligations and business objectives. As required by applicable law, the commitment of the directors is to the Exchange and includes regulatory obligations.

The Board reviews reports by management on its performance, its plans and business prospects, as well as issues facing the Exchange during its regularly scheduled meetings and any special meetings. Board members are expected to prepare for, attend and participate in all scheduled Board and applicable Committee meetings.

Board members are expected to comply with the Code of Conduct for the Exchange's Boards of Directors ("Board Code"). The Board Code was adopted by the Boards to reflect a commitment to the highest standards of ethical and business conduct and to comply with the Listing Rules of The NASDAQ Stock Market. Although these Listing Rules are not directly applicable to the Exchanges, which are not themselves public companies, it has been determined by the Boards that compliance with these requirements sets an appropriately high standard of conduct. Each Board member is expected to become familiar with and abide by the specific ethical standards set forth in the Board Code, as well as any interpretations and procedures issued thereunder. Board members are encouraged to consult with the NASDAQ OMX Office of General Counsel if there is any doubt as to whether a particular transaction or course of conduct complies with or is subject to the Board Code.

### **III. Board Composition**

#### ***A. Director Classification***

The Board is comprised of Public Directors and commercial interest representatives from a variety of membership interests who will meaningfully represent the Exchange's diversity of interests, consistent with Commission Regulation 1.64(b)(3).

Annually, the Corporate Secretary collects from each current director and director nominee a completed questionnaire and other relevant information to serve as the basis for a determination of the director's and nominee's assignment into particular classifications of director based on their employment and affiliations. Board members notify the Corporate Secretary of changes throughout the year to the information contained in the Board questionnaire. In particular, if a Board member changes his or her present job responsibilities, the Board member updates his or her Board questionnaire so that the Exchange may ascertain whether the Board member's classification has changed. Each director's relationship with the Exchange is reviewed annually, and only those directors who meet the necessary classification requirements will be considered Public Directors.

#### ***B. Size and Composition Requirements***

The stockholders determine the number of directors to constitute the Board. At least thirty-five percent (35%) of the directors, but no fewer than two (2) directors shall be Public Directors (as defined below). All directors shall be elected by the stockholders. Each director elected by the stockholder shall hold office until a successor is elected and qualified or until such director's earlier death, resignation, disqualification or removal.

**C. *Chairman***

The Board shall appoint a Chairman of the Board from among the Directors, who shall hold office until his or her successor is appointed and qualified or until his or her earlier resignation or removal.

**D. *Board Member Annual Election***

Each director is subject to election on an annual basis.

**E. *Fitness Standards***

The Board shall designate from time to time appropriate fitness standards to qualify to serve as a director as the Board deems necessary or advisable or as required by Applicable Law. No person may serve as a director if the fitness standards are not met.

**F. *Director Compensation***

Annually, senior management reviews the status of Board compensation in relation to comparable organizations.

**IV. *Selection of the Board***

**A. *Board Election Process***

Directors of the Exchange are elected by The NASDAQ OMX Group, Inc., the sole stockholder. Each director elected by the stockholder shall hold office until a successor is elected and qualified or until such director's earlier death, resignation, disqualification or removal. As a qualification to serve as a director, each director shall execute and deliver an instrument accepting such appointment and agreeing to be bound by the Certificate of Incorporation, By-Laws and any rule, interpretation, stated policy, or instrument corresponding to any of the foregoing, in each case as adopted or amended from time to time by the Exchange.

**B. *Board Membership Criteria***

The Nominating Committees review the skills and characteristics required of Board members in light of the current composition of the Boards. Nominees for directors shall be considered on the basis of, among other things, knowledge, experience, skills, expertise, integrity, diversity, analytical ability, understanding of the industry, all in the context of the perceived needs of the Boards. Nominees should also be willing to devote adequate time and effort to Board responsibilities.

**C. *Board Vacancies***

If a Board has a vacancy due to death, disability, disqualification, removal, or resignation, the Board shall fill the vacancy in accordance with the Board Election Process.

**E. *Composition Requirements of Nominating Committee***

As set forth in the By-Laws the Exchange Nominating Committee shall consist of at least fifty-one percent Public Directors and will be chaired by a Public Director. The Nominating Committee shall consist of the Chairman and two Public Directors. The Nominating Committee is responsible for (i) identifying individuals qualified to serve on the Board of Directors consistent with criteria established by the Board and any composition requirements established by the Commission; and (ii) administering a process for the nomination of individuals to the Board.

**V. *Authority and Responsibilities of the Board***

**A. *Board Responsibilities and Functions***

Board members are responsible for the oversight of management and must exercise their business judgment on an informed basis, in good faith, and with the honest belief that the action taken will serve the best interests of the Exchange and its members. Board members are also responsible for ensuring that the Exchange comply with the various core principles established in Section 5(d) of the CEA, 7 USC 7(d) and Part 38 of the CFTC's regulations and with the implementing regulations under Part 38 of the CFTC's regulations.

Board members are expected to:

- attend Board and Committee Meetings;
- participate effectively in all Board and Committee deliberations;
- observe strict confidentiality of all matters presented to the Board or their appropriate Committees;
- raise possible conflict of interest issues to the appropriate staff for prompt resolution;
- further the Exchange's mission and stated positions in outside forums consistent with the applicable confidentiality duties; and
- act in the best interests of the Exchange, consistent with their fiduciary duty.

## ***B. Board Code of Conduct***

Board members are expected to comply with the Code of Conduct for the Board of Directors ("Board Code"). The Board Code was adopted by the Board to reflect a commitment to the highest standards of ethical and business conduct. Each director should become familiar with and abide by the specific ethical standards set forth in the Board Code, as well as any interpretations and procedures issued hereunder. Board members are encouraged to consult with the NASDAQ OMX Office of General Counsel if there is any doubt as to whether a particular transaction or course of conduct complies with or is subject to the Board Code.

## ***C. Board Interaction With Investors, Analysts, Press and Customers***

If public comment from the Board is appropriate, these comments should, in most circumstances, come from the Chairman or Chief Executive Officer ("CEO"). Board members should not disclose Board information to the public and should observe the confidentiality guidelines set in place, including NASDAQ OMX's Public Disclosure Policy designed to ensure compliance with Regulation FD. Sensitive, non-public policy and proprietary information should not be disclosed to the media. These types of information may include financial information, proposed mergers and acquisitions, and other significant changes in assets, changes in directors or senior management, events regarding NASDAQ OMX's securities, investigations in progress, deliberations and contemplated actions of the Board, and information on new products, customer relations and systems developments. If the media contacts a Board member, in most circumstances, the Board member should refer the inquiry to the NASDAQ OMX Corporate Communications Department.

## **VI. Operation of the Board**

Board meetings are scheduled in advance, although special meeting may be called as necessary. The meetings are usually held at the Exchange or telephonically.

### ***A. Meeting Order and Agenda***

The Chairman establishes the rules of order and procedure of the meeting to ensure the meeting is conducted in an orderly fashion. The Chairman also controls the order of issues to be presented to the Board. The Chairman retains the right, if necessary, to rule out of order any remarks or discussion.

The Board is responsible for the Board meeting agenda. Board members are urged to make suggestions for agenda items or meeting materials to the Chairman and Chief Executive Officer. The Chairman and Chief Executive Officer establish an agenda for the Board meetings to be held during the year. Each director may suggest additional items for each meeting agenda.

***B. Attendance and Participation***

Board members should attend and participate regularly in Board and Committee meetings consistent with the general fiduciary standards and governance needs of the Exchange.

***C. Selection of Agenda Items and Board Meeting Materials***

The Chairman, with input from the CEO and Corporate Secretary, will establish an agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the Board meeting agenda. Board members are requested to provide suggested agenda items to the Corporate Secretary in advance of the Board meeting. Board materials are distributed to the Board on a timely basis and in advance of the Board meeting.

***D. Board Presentations by Managers***

Board meetings generally include presentations by managers to give such managers exposure to the Board and assist the Board in exercising its business judgment.

As a general rule, materials are distributed in advance so that the Board meeting time may be focused on discussions and analysis, rather than an exchange of information. Confidential matters may be discussed at the Board meeting without materials being distributed in advance of the meeting.

***E. Member Communication with Directors***

Exchange Futures Participants may communicate to the Board by sending correspondence to the Corporate Secretary who forwards all correspondence to the appropriate Board member.

***F. Chairman and Executive Sessions of Board***

The Chairman and the Board may meet in a separate meeting at every regularly scheduled Board meeting ("Executive Sessions"). The Chairman, or his or her designee, shall report to the CEO and Corporate Secretary any actions taken during an Executive Session.

***G. Committees of the Board***

Committees are appointed by the Board to facilitate and assist in the execution of the Board's responsibilities.

Each committee will perform its duties as assigned by the Board in compliance with the By-Laws and the Committee Charters. The Committee Charters

are located on the NASDAQ OMX investor relations website at [www.nasdaqomx.com](http://www.nasdaqomx.com).

#### ***H. Assignment and Rotation of Board Committee Members***

Annually, the Board reviews and approves members of the Board Committees. Board members may indicate their Committee preference; however, the selection process will be subject to the compositional requirements for the Committees and to the Board's view as to the most appropriate persons to serve on the Committee, taking into account all factors that it deems relevant including any independence and other criteria required by law or the Board of Directors.

#### ***I. Operation of Board Committees***

The Committee Chairman establishes the rules of order and procedure of the meeting to ensure the meeting is conducted in an orderly fashion. The Committee Chairman controls the meeting agenda and the order of issues to be presented to the Board. The Committee Chairman retains the right, if necessary, to rule out of order any remarks or discussion that does not comply with Committee procedures. The Committee Chairman may make additional meeting rules as appropriate or advisable.

#### ***J. Selection of Board Committee Agenda and Committee Materials***

The Committee is responsible for the Committee meeting agenda. Committee members are urged to make suggestions for agenda items or meeting materials to the Committee Chairman, Chief Executive Officer and Corporate Secretary.

The Chairman of the Committee, with input from the Chairman, CEO, Corporate Secretary, or staff liaison, will establish a meeting agenda for each Committee. Information important to the business matters at the Committee meeting is distributed in advance of the meeting. As a general rule, materials are distributed in advance so that the Committee meeting time may be focused on discussions and analysis, rather than an exchange of information. Confidential matters may be discussed at the Committee meeting without materials being distributed in advance of the meeting.

#### ***K. Executive Sessions of the Committees of the Board***

The Committee Chairman may hold Executive Sessions at regularly scheduled Committee meetings. In addition to executive committee sessions, the Regulatory Oversight Committee may have separate meetings with management, regulatory service providers, the independent auditors, and other third parties as deemed necessary.

## **VI. Leadership Development of the Board and Senior Management**

### ***A. Director Orientation***

Annually, all directors receive an orientation and reference manual providing information concerning director duties and responsibilities.