



ITEX Brokers Association



CODE OF ETHICS Complaint Procedure

Complaints filed within the ITEX system against a client or broker must follow the procedures outlined in this complaint process. Failure to follow the complaint process may have an affect on the decision rendered.

When a client or broker feels another client or broker has violated the Code of Ethics, a complaint may be filed with the ITEX Ethics Committee.

STEP 1 - Fill out the Ethics Complaint form.

Complete lines 1 to 20 on the Ethics Complaint form.

Provide history of interaction between the parties as pertains to the ethics complaint in question. Use additional page(s) if necessary.

Provide specific details of the complaint using all supporting information you feel illustrates the broker's violation of the ITEX Code of Ethics.

State the specific Article(s) of the ITEX Code of Ethics you feel has been violated.

State the remedy you feel will rectify this ITEX Code of Ethics violation.

STEP 2 – Send Complaint form to Chairperson of the Ethics Committee

The complaint shall be mailed, faxed or e-mailed to the Chairperson of the Ethics Committee for initial review by the Ethics Committee. The mailing address, fax number and/or e-mail address of the Chairperson of the Ethics Committee shall be obtained by contacting ITEX Corporation at (800) 277-9722 or by mailing a request for this information to ITEX Corporation, 3625 132ND Avenue SE, Suite 200, Bellevue, WA 98006. All Ethics Committee forms and procedures are available at the ITEX Brokers website located at www.itexbrokers.com.

STEP 3 – INQUIRY PROCESS

- a. Upon receipt of a signed ethics complaint form, the Chairperson of the Ethics Committee will cause an inquiry to be made for the purpose of determining whether there is reasonable basis to believe a violation of the ITEX Code of Ethics has taken place. The Chairperson will distribute the complaint to the other members of the Ethics Committee for review and input.
- b. The members of the committee shall review the complaint form and all supporting documents. If the committee finds that the complaint form does not state allegations which, if sustained, would constitute a violation of the ITEX Code of Ethics, the originator of the complaint will be notified in writing, by mail or e-mail, within ten (10) days of the decision of the Ethics Committee.
If the Ethics Committee finds that the complaint does state allegations which, if sustained, would constitute a violation of the ITEX Code of Ethics, the committee will make inquiries of the broker or client whose conduct is the subject of the complaint, and may make inquiries of other persons who may have knowledge of pertinent facts and circumstances. The originator of the complaint will be notified, in writing, by mail or e-mail, within ten (10) days of the decision of the Ethics Committee to proceed with inquiries of the complaint.
- c. The Chairperson will contact the author of the complaint and the subject of the complaint to review the ethics complaint process and the arbitration process.
- d. The Chairperson will solicit a response from the subject of the complainant with regard to the ethics complaint filed against them. The respondent will have 15 working days to provide a response to the Ethics Committee. The response will be distributed to the members of the Ethics Committee.

STEP 4 – CONFERENCE

- a. The Chairperson will arrange a conference call for the members of the Ethics Committee to review the complaint and response. The Chairperson will then arrange a conference call for both parties to present their case to the Ethics Committee. This will be followed by a review conference call for the members of the Ethics Committee.
- b. Within 10 working days after conclusion of the Ethics Committee findings regarding the complaint, the Secretary of the Ethics Committee will write the final decision and present the decision to the Chairperson and the rest of the members of the committee for their final review. This decision will specify the (un)ethical practice(s) involved. In addition, the decision will outline a recommendation for action (non-action) on behalf of the ITEX Brokers Association Board of Directors and ITEX Corporation. If there is a minority decision, this may also be included in the decision.
- c. The Chairperson will then forward the decision of the Ethics Committee, within 5 days of final approval of the committee members, to both parties for their review and consent. If consensus is not met between both parties regarding recommended resolution then either party may appeal the decision or seek binding arbitration.
- d. An appeal may only be filed if there is information put forth not previously considered by the ITEX Ethics Committee. Either party may present new information. Any new information will be distributed to the other party and members of the ITEX Ethics Committee. Should an appeal be granted, both parties will be allowed to present their respective issues to the ITEX Ethics Committee during a conference call.

STEP 4 – CONFERENCE (continued)

- e. Within 5 working days after conclusion of the Ethics Committee findings regarding the appeal, the Secretary of the Ethics Committee will write the final decision and present the decision to the Chairperson and the rest of the members of the committee for their final review. This decision will specify the (un)ethical practice(s) involved. In addition, the decision will outline a recommendation for action (non-action) on behalf of the ITEX Brokers Association Board of Directors and ITEX Corporation. If there is a minority decision, this may also be included in the decision.
- f. The Chairperson will then forward the decision of the Ethics Committee, within 5 days of final approval of the committee members, to both parties for their review and consent. If consensus is not met between both parties regarding recommended resolution then either party may seek binding arbitration.

STEP 5 – BINDING ARBITRATION

- a. Binding arbitration will result in a decision that must be accepted by both parties.
- b. All arbitration is subject to the Rules of Arbitration as established under the ITEX Ethics Committee Arbitration Process.

Consequences of an Ethics Violation

The Ethics Committee can make recommendations as to actions to be taken, but has no enforcement authority. If recommendations are made and not followed by the parties involved, either party can request assistance from Corporate and the Ethics Committee will assist in any request from Corporate for information.

Follow-up

The issue(s) of the complaint will be summarized and presented at the regional and national conventions of ITEX brokers that occur within twelve months of the final decision. Specific names of parties will be withheld. The purpose of disclosing the issues is to reduce or eliminate recurrence of the issue(s) presented to the ITEX Ethics Committee.