

Financial Interests:

Financial ~~f~~interests refer to the ownership of the Securities¹ of Market Participants or their Affiliates whose primary business purpose is to buy, sell or schedule Energy, Capacity, Ancillary Services or Transmission Services (collectively, Electric Market Activities), whether ownership is direct or through participation in mutual funds concentrating in investments in Market Participants or their Affiliates. The ISO shall compile a list of the current Market Participants and their Affiliates whose Securities trade publicly and will distribute this list to ISO Employees.

In order for the ISO to remain truly independent, free of any control, or appearance of control, of decision-making by any individual Market Participant, ISO Employees must strictly observe the following rules regarding ~~f~~interests in Securities of any Market Participant or any of their Affiliates:

- No ISO Employee or their spouse or minor children shall own, control, or hold with power to vote, the Financial Interests Securities of a Market Participant or any of their Affiliates whose primary business purpose is Electric Market Activities;

¹ The term "Securities" refers to stocks, stock options, bonds and any other instruments of debt or equity.

provided, however, any matching contributions made in the Securities of a Market
Participant



in connection with any savings, pension, or 401(k) plans of a former employee of a Market Participant shall be permitted until the completion of the transfer, spin off and merger of assets and liabilities of such plans to new plans maintained by the ISO; provided, further that this provision shall not apply to any purchase of ~~Financial Interests~~Securities of a Market Participant or any Affiliate of such Market Participant by a spouse of an Employee who ~~wasis, as of the effective date of the ISO OATT,~~ employed by a Market Participant or any Affiliate of such Market Participant and is required to purchase ~~Financial Interests~~Securities of such Market Participant or Affiliate as a part of his or her employment. Any such purchases by a spouse must be disclosed to the ISO Board which shall have the authority to consider appropriate limitations on the duties of the ISO Employee, including changing his or her duties, to avoid an appearance of a conflict of interest.

- No ISO Employee shall be Associated with any Market Participant. For the purposes of this paragraph, an ISO Employee shall be deemed “Associated” with a Market Participant or its Affiliate if: (1) the ISO Employee is an officer, director, partner, or employee of a Market Participant or any of its Affiliates; (2) the ISO Employee is a former executive officer of a Market Participant, which

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Market Participant together with its Affiliates has three (3) percent or more of the voting shares on the Management Committee, or of any Affiliate of the Market Participant, and the ISO Employee is receiving continuing benefits under an existing employee benefit plan (other than a defined benefit pension plan or other plan pursuant to which the benefits are independent of the financial condition of the Market Participant and pension payments are distributed to the former employee by a trustee, not as compensation but in accordance with the rules of the pension plan), arrangement or policy of the Market Participant or any of its Affiliates; or (3) the ISO Employee has a material ongoing business or professional relationship with a Market Participant or any of its Affiliates; *provided, however,* that no ISO Employee shall be deemed to have a material ongoing business relationship with a Market Participant or any of its Affiliates solely as a result of being served as a retail customer by a Market Participant or its Affiliates. The ISO Board will establish reasonable guidelines with respect to the financial interests of covered consultants or contracts, in accordance with Section 12.0.

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ISO Policy on Divestiture of Financial Interests:

If an ISO Employee or his/her immediate family² owns, controls or has the power to vote ~~such~~ Financial Interests ~~Securities~~ of Market Participants or their Affiliates that are prohibited under this Code of Conduct, the ISO shall require the divestiture of those ~~Securities~~ Financial Interests within a reasonable time in accordance with the ISO's divestiture procedure set forth below unless material hardship would result. The ISO shall develop a procedure establishing the conditions under which a divestiture would result in material hardship.

If an ISO Employee or member of the ISO Employee's immediate family owns, controls or holds with the power to vote any prohibited ~~Securities~~ Financial Interests, divestiture must occur as follows: (1) as of the effective date of ISO OATT, divestiture of prohibited ~~Securities~~ Financial Interests must occur within six months; (2) new ISO Employees must divest prohibited ~~Financial Interests~~ Securities within six months of commencement of employment; (3) if ownership, control or the power to vote such ~~Securities~~ Financial Interests results from an entity becoming a Market Participant, divestiture must occur within six months of receipt of the ISO's list of prohibited ~~Securities~~ Financial Interests referencing such ~~Securities~~ Financial

² Immediate family refers to spouse and minor children.

Interests; and (4) if ownership, control or the power to vote such ~~Securities~~Financial Interests is as a result of a gift, inheritance, distribution of

marital property or other involuntary acquisition, divestiture must occur within six months of the acquisition.

Ownership of mutual funds by ISO Employees which contain investments in Market Participants or their Affiliates is permitted so long as: (1) the fund is publicly traded; (2) the fund's prospectus does not indicate the objective or practice of concentrating its investment in Market Participants or their Affiliates; and (3) the ISO Employee does not exercise or have the ability to exercise control over the financial interests held by the fund.

Political Activities:

Restrictions on the political activities of ISO Employees are limited only to the extent that ISO Employees may not engage in lobbying activities on behalf of a Market Participant. Beyond this political activity, ISO Employees are not restricted from participating in any legal political activity so long as they do not purport, directly or indirectly, to represent the ISO without authorization.

ISO Employees are not precluded from holding public office so long as upon accepting public office the ISO compliance officer or designee is notified in writing. The ISO Employee's work in the public office must not detract from the ISO Employee's performance in

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