



Electronic Mail

January 3, 2005

Ms. Jean A. Webb
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, D.C. 20581

RE: Rule Certification

Dear Ms. Webb:

Pursuant to the Commodity Exchange Act ("CEAct") and Commodity Futures Trading Commission (ACommission@) Regulation 40.6(a), the Minneapolis Grain Exchange (AMGEX@) hereby certifies that the attached amended Rules 1402.00., 1404.00. and 1404.01., and Resolution 2101.00.C. comply with the CEAct and the regulations thereunder. Additions have been underlined while deletions have been crossed-out.

The purpose for amending the Rules and Resolution is to clarify the expiration day and time for Spring Wheat options. The Rules currently list 10:00 am on the first Saturday following the last day of trading as expiration. The amended Rules list 4:00 pm on the last day of trading as expiration. Trading hours for Spring Wheat options are from 9:30 am to 1:30 pm each business day. Consequently, the amendments have no effect on the pricing of Spring Wheat options. Pursuant to Commission Regulation 40.4(b)(6), nonsubstantive revisions of an enumerated agricultural product's terms and conditions that have no effect on the economic characteristics of a product is not a material change.

Pursuant to the authority and procedures of MGEX Rule 204.01., the Board of Directors and the Ownership by an overwhelming majority approved amending the Rules. Pursuant to the authority of MGEX Rule 210.01., the Board of Directors approved amending the Resolution. The MGEX plans to implement the changes the next business day after receipt of this notification to the Commission.

If there are any questions regarding this submission, please contact me at (612) 321-7166. Thank you for your attention to this matter.

Sincerely,

Mark G. Bagan
Vice President,
Market Administration

Enclosure
cc: Anne Reuter

1402.00. OPTION TRADING.

- D. **Option Expiration.** The contractual rights and obligations arising from the option contract expire at ~~ten o'clock (10:00) a.m.~~ four o'clock (4:00) p.m. on the ~~first Saturday following the last day of trading.~~

1404.00. OPTION EXERCISE.

The Buyer of a Spring Wheat futures option may exercise the option on any business day ~~prior to the expiration day~~ by giving notice of exercise to the Clearing House at such time as determined by the Clearing House Committee (see **Res. 2101.00. C.**) on such day.

The Clearing House shall assign such notices of intent promptly and at random to a Clearing Member carrying a short position in the option series. Said Clearing Member shall in turn assign such notice to accounts with open short positions in a fair and non-preferential manner in accordance with written procedures. By the opening of the next trading session, in the case of a call option contract, the writer shall sell to the holder by book entry the underlying Futures Contract at the contracted striking price, or, in the case of a put options contract, the writer shall buy from the holder by book entry the underlying Futures Contract at the contracted striking price. Henceforth, the writer and the holder assume the rights and obligations associated with their respective positions in the underlying Futures Contract.

Notwithstanding the foregoing, an option holder may exercise an option contract prior to ~~ten o'clock (10:00) a.m. on the expiration date:~~

- A. To correct errors or mistakes made in good faith;
- B. To take appropriate action as the result of unreconciled Exchange option transactions;
- C. In exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instructions or the Clearing Member's inability to receive such instructions prior to ~~three o'clock (3:00) p.m.~~ such time identified in **Resolution 2101.00. C.** on the last day of trading.

1404.01. AUTOMATIC EXERCISE.

Notwithstanding the provisions of **Rule 1404.00.**, based upon the settlement price for Spring Wheat futures on the last day of trading for Spring Wheat options, the Clearing House shall automatically exercise all in-the-money options unless notice to cancel automatic exercise is given to the Clearing House at such time identified in **Resolution 2101.00. C.**

~~Notwithstanding the foregoing, n~~Notice to cancel automatic exercise shall ~~be given to the Clearing House at such time as determined by the Clearing House Committee (see **Res. 2101.00. C.**); on the last day of trading, except that such notice may be given to the Clearing House prior to ten o'clock (10:00) a.m. on the expiration date:~~

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled Exchange option transactions;

- C. In exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the members firm's inability to receive such instructions prior to such time as determined by the Clearing House Committee (see Res. 2101.00. C.) on the last day of trading.

RESOLUTION 2101.00.C.

The Minneapolis Grain Exchange Clearing House Committee has adopted the following schedule of deadlines for reporting trading session activity to the Clearing House:

8:00 a.m.	Form 200's
9:00 a.m.	Settlement and margin payment Offset requests
11:15 a.m.	Weekly account position updates Daily Delivery/Exercise account updates
2:15 p.m.	Last submission of trades
3:00 p.m.	Give-up transfer trades Unmatched trade fixes
3:30 p.m.	Long position lists for delivery Delivery Notices Exercise Notices Auto-Exercise Cancellation Notices <u>Spring Wheat Options Form 200's on expiration day</u> Verbal Notification to the Clearing House is necessary if reports are going to be later than 3:30 p.m. Deadline for receipt of notices is 4:00 p.m.

Evening trading activity will clear as part of the next business day's activity.

Submissions that are late will be charged with fines as follows: the first ten (10) minutes late will incur a charge of \$10; succeeding ten (10) minute periods will add additional \$25 charges each. (For example, eleven (11) minutes late will be \$35; twenty-five (25) minutes late will be \$60).

Trades must be entered in "TEMS" within forty-five (45) minutes of the conclusion of each half (½) hour trading bracket.

Any unresolved unmatched trades may be suspended pending possible resolution the following business day as an "as of" trade. "As of" trades can be carried no longer than one business day.

The Minneapolis Grain Exchange Clearing House Committee has adopted a fine of \$100 for Form 200 errors in excess of two per month.

Spring Wheat Options Form 200's for the last trading day will incur the following fines:

Form 200's not received by 9:00 a.m. Saturday <u>5:00 p.m. (expiration day)</u>	\$1,000
Errors not corrected by 11:00 a.m. Saturday <u>6:00 p.m. expiration day</u>	\$1,000

Errors not corrected by 8:00 a.m. ~~Monday~~next business day an additional \$1,000

All give-up trades properly received in accordance with **Regulation 2106.00** by the carrying Clearing Member by 2:15 p.m. and not accepted by the carrying Clearing Member by 3:00 p.m. shall result in the following fines:

First offense	\$1,000
Second offense	\$2,000
Third offense	as determined by Business Conduct Committee

Amended by the Board of Directors November 11, 2004, effective January 4, 2005.