



Via Portal Submission

February 4, 2022  
MGEX Submission No. 22-4

Mr. Christopher Kirkpatrick  
Secretary of the Commission  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street NW  
Washington, DC 20581

**RE: Rule Certification Submission Pursuant to Regulation 40.6(a); Amendments to MGEX Bylaws & Rules**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Exchange Act (“CEAct”) Section 5c and Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), the Minneapolis Grain Exchange, LLC (“MGEX” or “Exchange”) hereby certifies that the amendments to MGEX Bylaws and Rules: Bylaw 12.2., Chapter 1 Definitions of “Exchange Room,” “On the Exchange (‘on Change’),” and “Pit,” Rules 2.3.2., 3.1.2., 3.1.3., 3.1.4., 3.1.5., 3.2.1., 3.2.4., 725.01., 726.00., 727.00., 728.00., 731.00., 740.00., 742.01., 755.00., 780.00., 1212.01., 1232.00., 1402.00., 2001.01., 2002.00., 2003.00., 2004.00., 2004.01., 2004.02., 2011.00., 2015.00., 2018.00., 2019.00., 2055.03., 2058.00., 2059.00., 2062.00., 2062.01., 2063.00., 2065.00., 2067.00., 2100.00., Interpretation 731.00., and Resolution 210.01.F. regarding Open Outcry trading, as set forth in Exhibit A comply with the CEAct and the Commission regulations promulgated thereunder (the “Proposed Amendments”). MGEX further certifies that the submission and pending changes to the MGEX Rules have been posted on the Exchange website at the following link: <http://www.mgex.com/regulation.html>.

### **Overview of Rule Amendment**

The Proposed Amendments to the above-referenced Bylaws and Rules account for the permanent closure of Open Outcry trading.

### **DCM Core Principles**

MGEX has reviewed the Core Principles for designated contract markets (“DCM Core Principles”) and identified that the Proposed Amendments may impact the following DCM Core Principles:

- *DCM Core Principle 2 – Compliance with Rules:* The Proposed Amendments will establish a clearer and more accurate Rulebook by removing all Rules related to Open Outcry trading, as they are no longer necessary or applicable.
- *DCM Core Principle 7 – Availability of General Information:* As required by this Core Principle, MGEX has issued a memo to its market participants to ensure market participants are aware of the permanent closure of Open Outcry trading. These Proposed Amendments will also be available on

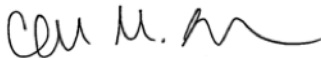
the MGEX website.

- *DCM Core Principle 12 – Protection of Markets and Market Participants:* The Proposed Amendments will help protect market participants by establishing a clearer and more accurate Rulebook by removing all Rules related to Open Outcry trading, as they are no longer necessary or applicable.

Pursuant to MGEX Bylaw 3.1., the MGEX Board of Directors (“Board”) unanimously approved the permanent closure of Open Outcry trading at its meeting held September 30, 2021, as well as the Proposed Amendments at its meeting held on February 3, 2022. There were no substantive opposing views expressed by the Board, nor is the Exchange aware of any substantive opposing views with respect to this filing. The Proposed Amendments are to be effective when incorporated into the MGEX Rulebook posted on its website, which will be at least 10 business days following the date of this submission.

If there are any questions regarding this submission, please contact me at (612) 321-7141 or [canderson@mgex.com](mailto:canderson@mgex.com). Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Carmen Anderson', with a stylized flourish at the end.

Carmen Anderson  
Assistant Corporate Counsel

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## EXHIBIT A

The following MGEX Rules are to be amended. Additions are underlined while deletions are **marked through**.

### BYLAWS

#### ~~12.2. ADMISSION TO EXCHANGE ROOM.~~

~~The Exchange may grant admission to the Exchange Room to authorized individuals subject to such restrictions, regulations, and limitations as the Exchange may deem proper.~~

~~PROVIDED, however, that no individual who is under suspension may be granted admission to the Exchange Room as a visitor, or otherwise, and no Floor Clerk or visitor may make any trades or transact any business in the Exchange Room excepting such transactions as may pertain directly to the business on account of which admission to the Exchange Room was granted; and,~~

~~PROVIDED FURTHER, that no person in default, on account of any business transacted with or through MGEX, shall be entitled to admission to the Exchange Room as a visitor while such transaction remains unsettled, and the President is hereby empowered to enforce this Bylaw upon the complaint, in writing, of any Market Participant of MGEX.~~

### CHAPTER 1 DEFINITIONS

~~**EXCHANGE ROOM:** The Room maintained by the Exchange for the transaction of business by authorized individuals and where Options Contracts are available for trading by open outcry.~~

~~**ON THE EXCHANGE ("on Change"):** On the Exchange Room during the Hours of Trading.~~

~~**PIT:** That portion of the Exchange Room designated and customarily used for trading in Futures or Options Contracts.~~

#### **2.3.2. RECORDING ORDERS.**

Each Clearing Member, FCM, and Person who is authorized to, and who receives an order from a customer which is not in the form of a written record showing the account identification, order number, and the date and time, to the nearest minute such order was transmitted or received, or cannot immediately be entered into the Electronic Trading System, must immediately upon receipt thereof prepare a written record of such order, including an account identification and order number and shall record thereon, by time-stamp, the date and time, to the nearest minute, the order is received. ~~Further, all option orders reduced to writing must be time-stamped, to the nearest minute, upon transmittal to the Exchange Room for execution, and upon execution.~~

#### **3.1.2. TIME AND PLACE FOR MAKING.**

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Except in the case of non-competitive trades, all purchases and sales, and all offers to purchase or sell Futures and Options must be made electronically on the Electronic Trading System. ~~However, purchases and sales, and offers to purchase or sell Hard Red Spring Wheat Options may also be made by open outcry in the Exchange Room during the Hours of Trading. Consequently, Market Participants are prohibited from assembling in any place, public or private, other than in the Exchange Room or designated area to form a market for the purpose of making purchases or sales, or offers to purchase or sell Futures or Options.~~

### ~~3.1.3. ELECTRONIC AND OPEN OUTCRY: SETTLEMENT PRICE.~~

~~The Electronic Trading System and open outcry may have separate opens, open ranges, highs, lows, closes and closing ranges. However, there must be only one settlement price.~~

### ~~3.1.4. RULE INTERPRETATION AND ENFORCEMENT. ELECTRONIC AND OPEN OUTCRY: VOLUME AND OPEN INTEREST REPORTING.~~

The Exchange has adopted the MGEX Rules, and from time to time adopts amendments to such Rules (See Bylaw ~~204.013.1~~ and ~~204.02.3.2~~), to promote a free and open market on the Exchange, to maintain appropriate business conduct, and to provide protection to the public. The Exchange, in its sole discretion, will interpret and enforce the MGEX Rules not inconsistent with applicable provisions of the CEA and CFTC Regulations.

### ~~3.1.5. ELECTRONIC AND OPEN OUTCRY: COMBINED POSITION REPORTS.~~

~~Contracts traded on both the Electronic Trading System and by open outcry must be fungible. This means positions entered into on one platform may be offset by positions executed on the other platform. As a result, Clearing Members shall submit to the Clearing House only combined position reports.~~

### ~~3.2.1. LIMITATIONS ON OPTIONS TRANSACTIONS: SOLICITATION AND ACCEPTANCE.~~

~~No Person may solicit or accept orders, other than in a clerical capacity, for the purchase or sale of Futures or Options or supervise any Person so engaged unless that Person meets the requirements of CFTC Regulations § 3, § 33.3, or any other applicable CFTC Regulations.~~

### ~~3.2.4. ACTING AS A BROKER.~~

~~The making of trades or transactions in Options through open outcry as a Broker are subject to the following conditions and restrictions:~~

- ~~A. — A Broker must be properly registered with NFA as a Broker; and~~
- ~~B. — Any Broker must at the time of making each trade or transaction report the name of a principal who has authorized them to make the trade or transaction.~~

### ~~725.01. REPORTING OF TRADES.~~

~~Each party to an Options transaction made competitively in the Pit must promptly notify the Market Observer(s) of the price at which the trade has been executed.~~

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## ~~726.00. "FAST" QUOTATIONS.~~

~~The symbol "FAST," when used in connection with market quotations, shall mean that a condition in the market similar, but not limited to the following, exists:~~

- ~~A. Larger than normal price changes between Pit reported trades. "Normal price changes" is defined as orderly minimum tick moves in the most active contract months.~~
- ~~B. Market is bid up or offered down rapidly. A market condition may occur with momentary spurts of bids and/or offers which may not be considered a "FAST" market.~~
- ~~C. Trades, bids or offers are occurring too rapidly to be fully reported. However, during a "FAST" market every effort must be made to comply with **Rule 725.01**.~~

~~The Exchange shall be the judge of when the symbol shall be used, and any trades made at intervening prices are to be considered officially quoted. The Market Observer(s) shall signal an end to the "Fast" market when appropriate.~~

~~After the "FAST" market is invoked, the Market Observer(s) will report the market to the best of their ability. The quotations during the "FAST" market shall be duly noted in the official time and sales.~~

## ~~727.00. "FAST" QUOTATIONS UNEXECUTED ORDERS.~~

~~Whenever price fluctuations of the commodities traded on the Exchange are "FAST" and the volume of business is large, it is common that different prices are bid and offered for the same delivery in different parts of the Pit at the same time. This may, at times, result in the execution by Market Participants of orders at prices not officially quoted, or the inability of a Market Participant to execute an order at a limited price. This is unavoidable, but is in no way the fault of the Market Participant and it is not permissible for Market Participants to readjust the price at which orders have been filled, nor to report as filled orders those that have not been filled. To do so is a major offense.~~

~~Quotations sent must be based on transactions made in the open market. The term "open market" is defined as a bid or an offer openly and audibly made by public outcry and in such manner as to be open to all Market Participants in the Pit.~~

~~Any quotations based on transactions made in the open market, already distributed or sent out over the wire, shall not be cancelled.~~

## **728.00. QUOTATION CHANGES.**

The Exchange may make quotation changes when required as a result of an error or at any other time deemed necessary.

- ~~A. The Exchange may approve the change of an opening range only within thirty (30) minutes after the opening of a specific contract month.~~
- ~~B. The Exchange may approve the change of a closing range only within fifteen (15) minutes after the closing of each contract traded.~~

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**~~731.00. BIDS AND OFFERS ABOVE OR BELOW CURRENT MARKET.~~**

~~Market Participants are forbidden to offer to buy any commodity Futures or Options on this Exchange at a price higher than the current asking price, or to offer to sell any commodity in Futures or Options on the Exchange at a price below the current bid price. See Interpretation.~~

**~~740.00. PRINCIPAL AND AGENT: ACTING AS BOTH PROHIBITED.~~**

~~No Market Participant shall be both principal and agent in any transaction for commodity futures or options made in this market, except under the following circumstances:~~

- ~~A. When two Market Participants meet in the execution of orders in the appropriate Pit or designated area and, without prearrangement, unintentionally consummate a contract for one and the same Clearing Member principal, such transactions shall not be considered a violation of the MGEX Rules.~~
- ~~B. If, after public outcry in the Pit a Market Participant is unable to execute an order, the Market Participant may, with the express prior consent of the person giving the order, become the Buyer in respect to a selling order or orders of such person, or may become the Seller in respect to a buying order or orders of such person. In the exercise of this privilege prior consent may be given in the form of a written agreement which is separate and distinct from the customer agreement. No intermediary transmitting an order may give this consent without the prior knowledge and permission of the principal for whom the order is being executed. Rule 742.00. shall be followed in the execution of such trades.~~
- ~~C. When a Broker receives a customer's order from a Clearing Member and on bidding or offering, finds that the best response comes from a Broker whose order is identifiably for the house account of the same Clearing Member, acceptance of that order will not be regarded as a violation of MGEX Rules. Such instances must be random and not arise from preferential trading nor represent a pattern of trading.~~

**~~742.01. CROSS TRADING HANDLING BOTH BUYING AND SELLING ORDERS BY OPEN OUTCRY IN THE EXCHANGE ROOM.~~**

- ~~A. If such orders are first offered openly and competitively by open outcry in the Exchange Room by both bidding and offering at the same price at least three times, and neither such bid nor offer is accepted;~~
- ~~B. If such Market Participant executes such orders in the presence of an official representative of the Exchange designated to observe such transactions and the Market Participant themselves clearly identifies all such transactions on the orders and trading cards at the time of execution as a cross trade, and promptly presents said orders and trading cards to the official representative of the Exchange for stamping and signature;~~
- ~~C. If the Market Participant receiving or executing such orders has no interest therein, directly or indirectly, except as a Futures Commission Merchant, or as a Broker; and~~

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~~D. Upon execution, such transaction(s) shall be made a matter of permanent record by the Exchange (See **Rule 2019.00**).~~

#### ~~755.00. ORDERS OR CANCELLATIONS ACCEPTED ON A "NOT HELD" BASIS.~~

~~All orders and cancellations that reach the Trading Floor fifteen (15) minutes or fewer before the opening of the market and all orders and cancellations that reach the Trading Floor fifteen (15) minutes or fewer before the close of the market through the end of the post settlement session may involve extraordinary problems and hence will be accepted solely at the risk of the customer on a "not held" basis.~~

#### **780.00. OFFICIAL OPENING.**

The official opening of the market shall be understood to include the price at which the opening orders are executed, provided that in the opinion of ~~the Market Observer and~~ the Exchange, due diligence and promptness have been observed in handling such orders. The condition of the market shall also be considered in forming the decision.

#### **1212.01. UNCOMMERCIAL CONDUCT: DEFINITION.**

The Expression "Uncommercial Conduct" shall include, but shall not be limited to, the following:

- ~~A. Improper conduct of a personal character in the rooms of the Company including boisterous or disorderly conduct and/or outbursts of vulgar and abusive language. (Refer to **Rule 2004.02. PENALTIES FOR BOISTEROUS OR DISORDERLY CONDUCT AND/OR OUTBURST OF VULGAR AND ABUSIVE LANGUAGE IN THE EXCHANGE ROOM.**)~~
- AB. Making or reporting any false or fictitious purchases or sales.
- BC. Any attempt at extortion.
- CD. Any act not in accordance with just and equitable principles of trade, or of fair dealing, or contrary to the spirit that should govern all commercial transactions.
- DE. Any act of bad faith, dishonorable or dishonest conduct, or making of willful false statements.
- EF. Being convicted by any Court of competent jurisdiction of a felony or misdemeanor involving moral turpitude.
- FG. Conduct unbecoming of a Market Participant.
- GH. Failure to comply promptly with any contract, either oral or written, that is governed by or made subject to the MGEX Rules.
- HI. Any act or omission specified elsewhere in these Rules as Uncommercial Conduct.

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- ⌄. Any illegal act in connection with any trade or transaction subject to the Rules, authority, customs, and usages of this Company.

### ~~1232.00. RECORDKEEPING FOR OPEN OUTCRY ACTIVITY.~~

~~All open outcry trading cards, order forms, or order tickets required to be prepared and maintained pursuant to MGEX Rules, as well as all trade data recorded and submitted in connection with such documents, must be accurate, complete, and in compliance with such Rules.~~

~~The Exchange will conduct regular audits of each Clearing Member with open outcry activity to evaluate compliance with such Rules. An audit will be based on a sampling of trading cards, order forms, and order tickets drawn from a set period of time from a particular Clearing Member. The number of documents containing a deficiency(ies) will be divided by the total number of documents examined to determine the percentage of documents with deficiencies.~~

~~The audit threshold for trade data recordkeeping and submission deficiencies is 20%. The audit threshold for non-trade data recordkeeping and submission deficiencies, including, but not limited to, time stamps, illegible writing, and crossing out unused lines, is 30%. Clearing Members will be subject to a fine for any occurrence exceeding the threshold in accordance with the following fine schedule:~~

<del>1<sup>st</sup> Occurrence:</del>	<del>Warning Letter</del>
<del>2<sup>nd</sup> Occurrence:</del>	<del>\$1,000</del>

~~Unless otherwise stated, occurrences and fines shall be based upon audits occurring within a rolling twelve (12) month period. The Exchange may determine whether a warning letter or fine is warranted based on the facts and circumstances, and may take further disciplinary action, increase the fine amount, or present the matter to the Disciplinary Committee. If a recordkeeping and/or submission deficiency is found outside of an audit, the Exchange has the discretion to include the occurrence under this fine schedule.~~

~~In the event a fine is imposed, the Exchange will issue a notice of the offense and fine amount to the offending party. Any fines must be paid within thirty (30) days of issuance unless otherwise stated by the Exchange.~~

### **1402.00. OPTIONS TRADING – HARD RED SPRING WHEAT.**

- A. **Hours of Trading.** The Hours of Trading Options will be determined by the Board of Directors in accordance with MGEX Rule 2011.00.
- B. **Months Traded In.** Trading may be conducted in Options in the same months that are listed for trading in the Futures Contract (see MGEX Rule 715.00.). Additionally, trading may be conducted in Options in months that are not listed for trading in the Futures Contract. For Options that are traded in months which Futures are not traded, the underlying Futures Contract is the subsequent Futures Contract month that is nearest to the expiration of the Option. The Board of Directors shall determine the months available for trading, and may, at its discretion, restrict trading in any month should market conditions so warrant.

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- C. **Last Trading Day.** The last trading day will be the Friday which precedes by at least two (2) business days, the last business day of the month preceding the Option month. If such Friday is not a business day, the last trading day will be the business day prior to such Friday.
- D. **Option Expiration.** The contractual rights and obligations arising from the Option Contract expire on the last day of trading.
- E. **Option Premium Price Basis.** The premium for Options will be in multiples of one-eighth of one cent (1/8) per bushel of a five thousand (5,000) bushel Futures Contract or six dollars and twenty-five cents (\$6.25) per contract. However, in the case of a cabinet trade, when both sides are closing transactions, ~~the Option premium for open outcry may range from one dollar (\$1.00) to six dollars (\$6.00) in one dollar (\$1.00) increments per Option Contract, and the Option premium for electronic trading is one dollar (\$1.00) per Option Contract.~~
- F. **Position Limits.** Position limits for HRSW will be determined by the Exchange but will not be greater than the position limits for HRSW pursuant to Part 150 of CFTC Regulations. See MGEX Rule 2013.03.
- G. **Reportable Positions and Trading Volume.** A position of twenty-five (25) or more put or call Options on this Exchange, long or short, in any one (1) month of the first two (2) nearby delivery months or a position of one hundred (100) or more put or call Options, long or short, in any one (1) month of the remaining delivery months will be reportable position level for wheat options on this Exchange. All such positions must be reported in a manner and form as designated by the Exchange. Pursuant to CFTC Regulation 15.04 and Part 17, a volume threshold account that has trading volume in the HRSW Options Contract during a single trading day equal to, or in excess of, 50 contracts is required to be reported to the CFTC. All such positions must be reported in a manner and form as designated by the CFTC or the Exchange.
- H. **Daily Price Limits.** Trading is prohibited in Options at a premium of more than the trading limit for the Futures Contract above and below the previous day's settlement premium for that Option. On the first (1st) day of trading, limits will be set from the lowest premium of the opening range.

~~2001.01. ADMISSION OF FLOOR CLERKS TO THE EXCHANGE ROOM.~~

~~Floor Clerks may be admitted to the Exchange Room under the following terms and conditions:~~

- ~~A. The Exchange shall issue Floor Clerk permits upon application signed by an authorized individual who is the sponsor of a Floor Clerk. Such permits will be good until notification is given to the Exchange. The fee for the issuance thereof shall be determined by the Exchange.~~
- ~~B. Floor Clerks will be admitted to the Exchange Room for the limited purpose of receiving orders from agents of their sponsor, and reporting to their sponsor.~~
- ~~C. Floor Clerks may perform other routine clerical and telephone duties at their assigned position in the Exchange Room. After delivery of messages from their sponsor they are to return to their assigned position in the Exchange Room or leave the Exchange Room.~~
- ~~D. Except as provided above, Floor Clerks shall not transact any business whatsoever in the Exchange Room with, or for, any person other than their principals and in no case shall they accept orders, report executions or have any other business duties whatsoever in the Exchange Room.~~

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- ~~E. No authorized individual shall employ more than two (2) Floor Clerks.~~
- ~~F. Floor Clerk permits shall not be transferable. The Exchange must be notified if a new permit is issued. If the registered Floor Clerk is unable to perform his or her duties for reasons of illness, absence from the city, or other cause deemed sufficient and proper by the Exchange, a substitute Floor Clerk may be approved by the Exchange upon proper application and a temporary permit will be issued.~~
- ~~G. The license conferred by a Floor Clerk permit may be revoked at any time by the Exchange if the holder violates any of the provisions of this Rule or is guilty of any other improper conduct in the Exchange Room.~~
- ~~H. Floor Clerks may communicate by telephone with their sponsors so long as they do not solicit or do business for their own account.~~
- ~~I.A. Floor Clerks may not solicit business for their sponsors or for their own account from the Exchange Room.~~

#### ~~2002.00. EXCHANGE ROOM.~~

~~The Exchange, at its discretion, shall have the duties and powers to:~~

- ~~A. Change the physical appearance and use of the Exchange Room.~~
- ~~B. Establish security measures and procedures for admittance to the Exchange Room.~~
- ~~C. Ascertain the equipment needs of the Exchange Room.~~

#### ~~2003.00. ADMITTANCE OF VISITORS TO THE EXCHANGE ROOM.~~

~~Visitors' badges, permitting the holder to have access to the Exchange Room, shall be issued on the following terms and conditions:~~

- ~~A. The Exchange, at its discretion, may authorize the issuance of visitors' badges.~~
- ~~B. The license conferred by a visitor's badge may be revoked at any time by the Exchange if the holder violates any of the provisions of MGEX Rules.~~
- ~~C. Authorized individuals may accept orders from visitors in the Exchange Room. However, no order may be given by a visitor directly to a Broker in the Pit.~~
- ~~D. No visitor shall have access to the Exchange Room for more than three (3) days per month without the express approval of the Exchange.~~

#### ~~2004.00. DECORUM AND DRESS WHILE IN THE EXCHANGE ROOM.~~

~~All authorized individuals and Floor Clerks must dress and conduct themselves within the confines of acceptable business decorum while in the Exchange Room. The following are enumerated for the guidance of authorized individuals and Floor Clerks:~~

- ~~A. Proper attire must be worn at all times in the Exchange Room as determined and enforced by the Exchange.~~

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- ~~B. Matching of coins or other open forms of gambling in the Exchange Room is prohibited.~~
- ~~C. Disorderly conduct, such as pushing or shoving, is prohibited.~~
- ~~D. Vulgar or abusive language is prohibited.~~
- ~~E. Any other conduct or activity determined to be detrimental to a professional and safe business environment is prohibited.~~

#### ~~2004.01. EXCHANGE ROOM ENFORCEMENT.~~

~~The Exchange may issue a violation ticket to any Person following an infraction/violation of any MGEX Rule occurring in the Exchange Room. All violation tickets must be submitted to the Secretary of the Company promptly upon issuance. The Secretary of the Company shall thereafter immediately forward the completed violation ticket to the Department of Audits and Investigations. The Department of Audits and Investigations will give written notification to the violator of the infraction/violation and action taken, if any.~~

~~The notice shall inform the Person of the right to request a hearing before the Hearing Committee and the consequences of a failure to pay the fine if no hearing is requested. If a hearing is requested, the decision of the Hearing Committee shall be final.~~

~~Failure to request a hearing shall be deemed a consent to the action taken. Unless a hearing is requested within ten (10) calendar days, failure to pay a fine within thirty (30) days after the penalty is imposed shall automatically double the amount of the fine. If the increased fine is not paid within sixty (60) days after the original fine was imposed, the Disciplinary Committee may, without hearing, revoke the badge or suspend the Person.~~

~~Persons will be responsible for fines given to their employee(s). Following is a schedule of penalties the Board of Directors has authorized the Department of Audits and Investigations or the Disciplinary Committee to issue:~~

- ~~First Violation: Letter of Reprimand~~
- ~~Second Violation: \$25.00 Fine~~
- ~~Third Violation: \$100.00 Fine~~
- ~~Fourth Violation: \$300.00 Fine~~
- ~~Fifth Violation: \$500.00 Fine and/or One (1) Day Suspension~~

~~Each violation ticket written shall constitute a single violation and the number of violations accumulated will determine the action taken. If a Person is free of any violations for a period of two (2) years, the fine schedule will revert back to a first violation.~~

~~Any violation/infraction may be forwarded by the Department of Audits and Investigations to the Disciplinary Committee for further review or action. Additionally, nothing in this Rule shall prohibit further action from being taken against a Person for a violation of any other Rule.~~

#### ~~2004.02. PENALTIES FOR BOISTEROUS OR DISORDERLY CONDUCT AND/OR OUTBURST OF VULGAR AND ABUSIVE LANGUAGE IN THE EXCHANGE ROOM.~~

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~~Boisterous or disorderly conduct and/or outburst of vulgar and abusive language in the Exchange Room is strictly prohibited. Any Person or Exchange staff can file a complaint, in writing, with the Exchange.~~

~~The Department of Audits and Investigations shall open an investigation on the complaint. After an investigation, the Department of Audits and Investigations may forward the investigation to the Disciplinary Committee. After reviewing the investigation report, the Disciplinary Committee may issue a Notice of Charges to the Person, including the right to request a hearing before the Hearing Committee and the consequences of failure to pay any fine if no hearing is requested. The first infraction of this Rule involving physical contact or abusive or derogatory language is punishable by a monetary fine up to five hundred dollars (\$500.00). If a second infraction occurs within two (2) years of the first infraction, the penalty may include suspension up to a period of two (2) weeks and/or a monetary fine set by the Disciplinary Committee. Persons will be responsible for fines given to their employee(s).~~

## **2011.00. HOURS OF TRADING.**

The Hours of Trading at the Exchange shall conform to Central Time.

### **A. CASH MARKET**

The Hours of Trading in the cash market shall be from nine-thirty o'clock (9:30) a.m. to one-thirty o'clock (1:30) p.m.

### **B. FUTURES AND OPTIONS**

~~1. Unless otherwise stated elsewhere in the MGEX Rules, the Hours of Trading for any MGEX futures or options traded on the Electronic Trading Platform shall be the following:~~

~~Sunday to Friday: from seven o'clock (7:00) p.m. to one-thirty o'clock (1:30) p.m. A pause in trading occurs from seven forty-five o'clock (7:45) a.m. to eight-thirty o'clock (8:30) a.m.~~

~~Notwithstanding the foregoing, the Hours of Trading for the National Corn Index, National Soybean Index, Hard Red Winter Wheat Index, Hard Red Spring Wheat Index and Soft Red Winter Wheat Index shall be from seven o'clock (7:00) p.m. to one forty-five o'clock (1:45) p.m. with no pauses.~~

~~2. The Hours of Trading for Hard Red Spring Wheat options by open outcry shall be from eight thirty o'clock (8:30) a.m. to one thirty o'clock (1:30) p.m.~~

## **2015.00. SETTLEMENT PREMIUMS.**

### **A. ~~Open Outcry/Electronic Trading System~~ HRSW Options Contracts.**

Promptly after the close of trading in each HRSW Options Contract, the Exchange shall compute settlement premiums as follows. The settlement premium shall be price consistent with the minimum fluctuations of the Contract.

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1. Exchange staff shall review all trades executed during the closing period, and subsequent higher bids and lower offers that were in existence at the close of the market, to determine the closing premium or range for each ~~Open Outcry~~ HRSW Options Contract. The Exchange shall then determine the settlement premiums by using a theoretical pricing model.
2. If the Exchange believes, based on its review of the market and market conditions that the settlement premium established above is not representative of market conditions, or if the settlement premium was inaccurately determined, then Exchange staff may establish a settlement premium based on the settlement price of the underlying HRSW Futures Contract and the previously prevailing differentials:
  - a. among the premiums for the listed striking prices for the option month;
  - b. among the premiums for the different option months listed for trading; and
  - c. between the premium for the relevant striking price and the price of the underlying Futures Contract.
3. In the case of HRSW Calendar Spread options, the Exchange may use current trade, bid, and offer information, along with correlation between underlying futures months or a theoretical option pricing model in determining daily settlement premiums for the listed Calendar Spread options.

#### **B. Reservation.**

The Exchange reserves the right to modify the settlement premium prior to the start of the day's final clearing process if the settlement premium arose from data entry errors made by or on behalf of the Exchange, and modification of the settlement premium is necessary to prevent market distortion. A written record shall be prepared setting forth the basis for any modification.

#### **~~2018.00. OPENING THE MARKET ON A SPREAD TRANSACTION.~~**

~~In the event the first daily transaction in a Contract market by open outcry is a spread transaction, the price associated with the spread transaction shall be reported as the opening quote in this Contract market. The opening price shall be reported at or within the current bid and offer.~~

~~However, if there is no bid or offer in effect, an announcement of the actual price shall be made in the Pit. Upon receiving no objections, the trade shall be reported and the transaction recorded as the opening trade.~~

#### **~~2019.00. OFFICIAL REPRESENTATIVE TO OBSERVE THE EXECUTION OF BUYING AND SELLING ORDERS AT THE SAME PRICE.~~**

~~The President is authorized to designate an employee of the Grain Exchange as the official representative of this Exchange to observe transactions where a Market Participant shall have in hand at the same time both buying and selling orders from different principals for a like quantity of a commodity for Futures or~~

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~~Options in the same delivery month and who, in compliance with the provisions of **Rule 742.00**, desires to execute such trades at the market price in the presence of such official representative.~~

~~In order to facilitate the handling of such orders the Market Participant must notify the official representative of the Exchange of his desire to make these trades and present the orders and trading cards to the official representative upon execution of the trades. Upon observation and approval of the trades, the official representative will promptly stamp and sign the orders and trading cards.~~

~~The official representative shall also prepare a memorandum showing the date, executing Broker, month, commodity, option, strike price, price or premium, quantity, and the Clearing Member(s) and accounts involved.~~

~~This memorandum shall be time stamped, signed by the observer, and retained by the Exchange as a permanent record.~~

~~Any Broker seeking to match orders under **Rule 742.00**, must be diligent in openly bidding and offering the orders on hand before crossing them under the observation of the designated Exchange employee. To assure the fairness of such trades, all cross trades must be bid and offered by open outcry at least three (3) times before being matched.~~

#### ~~**2055.03. REGISTRATION OF FLOOR BROKERS/FLOOR TRADERS.**~~

- ~~A. Any authorized individual who executes trades in the Pit for an account other than his own must be registered as a floor broker with NFA.~~
- ~~B. Any authorized individual who trades in the Pit for his own account must be registered with NFA as a floor broker or floor trader.~~
- ~~C. All authorized individuals registered with NFA are responsible for completing acceptable ethics training programs and maintaining evidence of completion in accordance with the CEA and CFTC Regulations.~~

#### ~~**2058.00. COLLECTION OF TRADING DOCUMENTS.**~~

- ~~A. All trading cards and order tickets prepared pursuant to CFTC Regulation 1.35 must be submitted by the executing Person to the Clearing Member immediately at the end of intervals not to exceed thirty (30) minutes. Such intervals shall commence with the beginning of the trading session. All documents must be submitted to the Clearing Member within fifteen (15) minutes of the designated interval. Additionally, all trading documents must be submitted by the executing Person to the Clearing Member no later than fifteen (15) minutes after the close of the futures market and fifteen (15) minutes after the close of the Options market. The Exchange, at its discretion, may require that trading documents be collected at the end of smaller intervals in order to ensure compliance with provisions of the CEA.~~
- ~~B. Partially-filled order tickets need not be submitted by the executing Member to the Clearing Member until the entire order has been executed. Once the entire order has been executed, the order must be submitted to the Clearing Member promptly, or at the latest, during the next required collection of trading documents by the Clearing Member.~~

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- ~~C. Trading cards collected pursuant to this Rule must be time-stamped promptly to the nearest minute upon collection by the Clearing Member.~~

#### ~~2059.00. DESIGNATION OF OPEN AND CLOSE ON TRADING CARDS.~~

~~Each Market Participant is required to identify on his or her trading cards all trades executed during the designated opening and closing periods by drawing a line on the card to separate those trades from other transactions recorded on the trading card.~~

#### ~~2062.00. TRADING CARDS: FORM, PREPARATION AND MAINTENANCE.~~

- ~~A. Trading cards used to record the execution of purchase or sale of a Futures or Options transaction governed by MGEX Rules must contain:~~

- ~~1. Pre-printed Market Participant identification or other unique identifying information which would permit the trading cards of one Market Participant to be distinguished from cards of all other Market Participants;~~
- ~~2. Pre-printed sequence numbers to permit the intra-day sequencing of trading cards; and~~
- ~~3. Unique and pre-printed identifying information which would distinguish each of the trading cards prepared by a Market Participant from his/her other trading cards for no less than a one (1) week period.~~

- ~~B. Trading cards prepared by the Market Participant must also include the following:~~

- ~~1. Market Participant's name~~
- ~~2. Clearing Member's name~~
- ~~3. Transaction date~~
- ~~4. Quantity bought or sold~~
- ~~5. Commodity~~
- ~~6. Contract for future delivery or physical~~
- ~~7. Future (month) or expiration date~~
- ~~8. Price or premium~~
- ~~9. Put or call and strike price~~
- ~~10. Transaction time to the minute~~
- ~~11. Opposite Broker/Trader~~
- ~~12. Opposite Clearing Member~~
- ~~13. Indicators for the following types of transactions: (C) cash exchange; (T) office transfer; (S) spread; (D) delivery; (E) exercise; (R) exchange for risk~~
- ~~14. Any other information required by the Exchange~~

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- ~~C. A Market Participant recording transactions on trading cards must use non-erasable ink to record each purchase and sale in exact chronological order of execution on sequential lines of the card. Skipping of lines on the trading card is prohibited. If blank lines remain after the last execution recorded on a trading card the remaining lines should be marked through. When two-sided trading cards are used, blank lines on both sides of the card must be marked through.~~
- ~~D. A Market Participant must use a new trading card at the beginning of each designated interval required pursuant to **Rule 2058.00**.~~
- ~~E. A Market Participant is accountable for all trading cards prepared pursuant to MGEX Rules in exact numerical sequence, whether or not such trading cards are relied upon as original source documents.~~
- ~~F. A Market Participant must identify on his/her trading cards trades executed during opening and closing periods in the manner required by **Rule 2059.00**.~~

#### **2062.01. TRADING RECORDS AND ERRORS.**

- ~~A. All trading records including trading cards, order forms and order tickets that are prepared or used by a Market Participant or Clearing Member to document requests or executions for Pit or ex-Pit transactions must be completed in non-erasable ink.~~
- ~~B. The Market Participant or Clearing Member may correct any errors on trading records by crossing out the erroneous information with a single line or an "X" and recording the correct information. The originally recorded information must not be obliterated or otherwise made illegible when it is crossed out.~~
- ~~C. After the initial time-stamp, a Clearing Member may not correct erroneous information on trading records unless the party making the correction has initialed the trading document as near as possible to the correction.~~
- ~~D. With regard to trading cards only, a Market Participant may correct erroneous information by rewriting the trading card. However, both the original trading card and the rewritten trading card must be prepared and submitted in accordance with the requirements of Exchange **Rule 2058.00** and **2062.00**. A Market Participant may not rewrite the trading card after it has been submitted to the Clearing Member.~~

#### **2063.00. TIME-STAMPS.**

All time-stamps required by MGEX Rules must show the time to the nearest minute as well as the correct date.

~~At the beginning of each trading day, each Clearing Member must ensure that each time-clock used on the Trading Floor by that Clearing Member is synchronized with the official time displayed by the official master clock on the Exchange Floor.~~

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~~It shall be considered uncommercial conduct to manipulate or tamper with any time clock so as to put it out of synchronization with the official master clock.~~

#### **~~2065.00. IDENTIFICATION AND REGISTRATION OF BROKER ASSOCIATIONS.~~**

- ~~A. A Broker Association shall include two (2) or more Market Participants with floor trading privileges, of whom at least one (1) is acting as a floor Broker, who:~~
- ~~1. engage in floor brokerage activity on behalf of the same employer;~~
  - ~~2. have an employer and employee relationship which relates to floor brokerage activity;~~
  - ~~3. share profits and losses associated with their brokerage or trading activity; or~~
  - ~~4. regularly share a deck of orders in which floor Brokers have knowledge of the orders to be shared.~~
- ~~B. A member of a Broker Association may not receive or execute an order unless the Broker Association is registered with the Exchange.~~
- ~~C. A Broker Association member must register with the Exchange no later than ten (10) business days after an event requiring registration.~~
- ~~D. Registration of each Broker Association shall include the following information where applicable:~~
- ~~1. Name and legal form of the Broker Association;~~
  - ~~2. Name of each person who is a member or otherwise has a direct beneficial interest in the Broker Association;~~
  - ~~3. All identifying badge numbers of Broker Association members;~~
  - ~~4. Account numbers for all accounts belonging to any Broker Association member, accounts in which any Broker Association member(s) have an interest, and any proprietary or customer accounts controlled by any member(s) of the Broker Association;~~
  - ~~5. Identification of all Broker Associations with which each Market Participant is associated; and~~
  - ~~6. Individual(s) authorized to represent the Broker Association in connection with its registration obligations.~~
- ~~E. It shall be the responsibility of the Broker Association and its authorized representative to ensure the Broker Association is properly registered. It shall be the responsibility of each Broker Association member to ensure he has complied with registration requirements and~~

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~~to ensure the accuracy of the information filed. Any changes to the information previously reported must be provided within five (5) business days after an event giving rise to the changes.~~

~~F. The Exchange may request any additional information from a Broker Association or its members as it deems necessary.~~

~~G. "Floor Brokerage Activity" is defined as the reception of orders or execution of trades for all accounts other than for a Market Participant's personal account.~~

~~H. "Regularly Share A Deck Of Orders" is defined as instances regularly occurring more than once per week where Market Participants sharing a deck of orders have knowledge of the terms of the orders shared. Knowledge can be obtained by handing off orders for execution after a Broker has seen the terms of the order.~~

~~I. Where there are individual relationships which technically come within the definition of a Broker Association but are incidental to or involve no floor brokerage activity, a request for exemption from registration may be made to the Department of Audits and Investigations. Such request must be made in writing with full disclosure as to the nature of the trade activity and individual relationships. The Department of Audits and Investigations has sole discretion to determine exemption which may be revoked for just cause at anytime.~~

#### **2067.00. FIDUCIARY RESPONSIBILITY ~~ELECTRONIC AND OPEN OUTCRY TRADING.~~**

A clearing member and broker shall have a fiduciary responsibility in the handling and execution of all orders received, ~~by whatever means, to obtain the best price available among trading platforms. However, Market Participants trading for themselves by open outcry and orders initiated directly by a user for electronic execution will not be subject to this Rule.~~

#### **2100.00. REQUIREMENTS FOR CLEARING.**

All Futures or Options transactions shall be submitted to the Clearing House to be cleared. The Clearing House shall, through the process of novation, be substituted as, and assume the position of, seller to the buyer and buyer to the seller of the relevant number of Exchange or marketplace contracts upon the successful matching of trade data submitted to the Exchange by the Clearing Members on the long and short sides of a trade. Upon such substitution, each Clearing Member shall be deemed to have bought the contracts from or sold the contracts to the Clearing House, as the case may be, and the Clearing House shall have all the rights and be subject to all the liabilities of such Clearing Member with respect to such transaction. Transactions can only be offset against one another through position/trade reporting by a Clearing Member to the Clearing House.

It shall be the duty of each Clearing Member initiating, accepting or executing a transaction for Futures or Options under MGEX Rules to submit each such transaction using "TEMS" to the Clearing House. Transactions shall be submitted at times determined by the Exchange (see [Res. 2101.00.C.](#)). The transactions shall be in a format approved by the Exchange and shall contain, at a minimum, the following information:

A. Date of transaction.

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- B. Clearing Member code (two-digit alpha as assigned by the Exchange).
- C. Type of account or origin (Regular (R) or Segregated (S)).
- D. Customer type indicator (CTI) as defined below:
  - CTI 1. Transactions initiated and executed by an individual Market Participant for his/her own account, for an account he/she controls, or for an account in which he/she has ownership or financial interest.
  - CTI 2. Transactions executed for the proprietary account of a Clearing Member.
  - CTI 3. Transactions where a Market Participant executes for the personal account of another Market Participant, for an account the other Market Participant controls or for an account in which the other Market Participant has ownership or financial interest.
  - CTI 4. Any transaction not meeting the definition of CTI 1, 2 or 3.
- E. Quantity, commodity, contract month or expiration month, price or premium, whether the transaction involved a put or a call, strike price, buy or sell.
- F. Both the buying and selling Market Participant's identifier (trader ID/Member mnemonic ~~for electronic trades, Broker ID for open outcry trades~~) and the opposite Clearing Member's symbol.
- G. Transaction time to the minute.
- H. Indicators for the following types of transactions: -(C) cash exchange; (T) office transfer\*; (S) spread; (D) delivery; (E) exercise; (R) risk exchange.
 

\*For office transfers, open and close information for the position (open (O), close (C)) must be submitted.
- I. Account number and identification. (For initial set-up and new accounts, provide a listing of account name, type, and position. This information will be available to the President and designated MGEX personnel only).
- J. Any other information required by the Clearing House.

The Clearing House shall match the trades as submitted and shall list for each Clearing Member its cleared trades and unmatched trades. A recapitulation statement shall be produced, showing updated contract positions and settling all matched trades to the official MGEX settling prices. After completion of the clearing process, the Exchange shall notify each Clearing Member as to the net pay or collect amounts due by account (Regular and/or Segregated). Such amounts shall be submitted by wire transfer of funds or other acceptable method. Amounts due to the Exchange shall be submitted at times determined by the Exchange

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(see [Res. 2101.00.C.](#)). All clearing statements shall be disseminated by the Exchange to each Clearing Member's designated contact.

If the report of a trade by a Market Participant does not correspond to the report of the other party to the trade, the Clearing House shall reject the trade and notify both Clearing Members showing the discrepancy of the reports. The Clearing Members must thereafter submit corrections to the Clearing House at times determined by the Exchange (see [Res. 2101.00.C.](#)).

It shall be the primary responsibility of the Clearing Member to see that all trades are resolved. Each Clearing Member shall designate a person or persons to be available and responsible for reconciling the Clearing Member's unmatched trades. Failure to have a qualified representative available shall constitute negligence in the determination of responsibility for any unmatched trades.

If a Clearing Member, or one of its Affiliated Entities, has access to the Federal Reserve discount window, it shall notify the Clearing House if such access has been suspended, revoked, removed, terminated, or otherwise limited in any way as soon as practicable.

## CHAPTER 71 INTERPRETATIONS

### ~~731.00. BIDS AND OFFERS ABOVE OR BELOW CURRENT MARKET.~~

~~In order to provide greater trading clarity and flexibility to Market Participants, the Board of Directors has officially approved the following interpretation:~~

~~The phrases "current asking price" and "current bid price", by definition, are clearly meant to reflect current market conditions in commodity options. Any Market Participant in the options pit is hereby permitted to adjust, by open outcry, the last reported bid with a lower bid and to adjust the last reported offer with a higher offer at any time within the Hours of Trading.~~

~~Board action 4/9/92.~~

## CHAPTER 72 RESOLUTIONS

### **RESOLUTION 210.01.F.**

Pursuant to the provisions of [Rule 210.01. F.](#), the Board of Directors has adopted this Resolution.

Limited authority of the Board of Directors to amend MGEX Rules and to take emergency action is hereby delegated to Exchange officers. Such authority includes, suspending or curtailing trading, amending Hours of Trading, imposing margin requirements, declaration of holidays, amending reportable position limits, price limits and intraday market restrictions, managing settlement procedures, open or closing periods, fees, forms, notices, deadlines, dress and decorum policies, minimum financial requirements, notification and reporting requirements, striking prices, cash market reporting, recordkeeping requirements, default procedures, give-up procedures, transferring customer contracts and margins, definition of emergencies, declarations of Force Majeure and action taken as a result of such declarations. The Exchange shall also

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have the authority to take such market action as may be directed by the CFTC. The President and Chairperson of the Board of Directors may determine whether a Rule can be amended by Exchange officers. Such amendments must be forwarded promptly to the Board of Directors.

Further, limited authority of the Board of Directors is hereby delegated to Exchange officers to exercise certain other powers including amending transfer procedures, transfers, applications and cancellations, approving applications, renewals, or withdrawals for Regularity, approving applications for cash trading privileges and/or clearing privileges, establishing minimum filing and financial requirements, establishing and amending summary fine schedules, approving standing committee appointments, ~~granting admission to the Exchange Room~~, and amending the matching algorithm for the electronic trading system. Such approvals and changes must be forwarded promptly to the Board of Directors.

Limited authority of the Board of Directors is hereby delegated to MGEX risk management personnel, which includes such employees and/or officers as the Exchange, in its discretion, shall determine (collectively, the "MGEX Risk Team"), to independently exercise certain risk management powers and to be responsible and accountable for making risk decisions, including in crises and emergencies. The Board of Directors further assigns the MGEX Risk Team the responsibility for implementing the (i) default rules and procedures required by CFTC Regulations 39.16 and 39.35, (ii) system safeguard rules and procedures required by CFTC Regulations 39.18 and 39.34, and (iii) recovery and wind-down plans required by CFTC Regulation 39.39.

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