



Via Portal Submission

March 18, 2020  
MGEX Submission No. 20-10

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

**RE: Emergency Rule Certification Submission Pursuant to CFTC Regulation 40.6(a);  
Relief from MGEX Rules**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c) of the Commodity Exchange Act (“CEAct”) and Commodity Futures Trading Commission (“CFTC”) Regulation 40.6(a), the Minneapolis Grain Exchange, Inc. (“MGEX” or “Exchange”) hereby certifies that the relief from MGEX Rules 2.3.1., 2.3.1., 3.1.2., and 742.01. as set forth in the attached Exhibit A, comply with the CEAct and the CFTC Regulations promulgated thereunder (the “Relief”). MGEX further certifies that the submission has been posted on the MGEX website at the following link: <http://www.mgex.com/regulation.html>.

**I. RELIEF FROM MGEX RULES**

In connection with the suspension of open outcry options trading, which was taken in response to the worldwide coronavirus/COVID-19 pandemic, MGEX has requested and received CFTC approval to extend relief with respect to various Exchange rules concerning the solicitation and handling of customer orders, including by MGEX registered floor brokers. This relief under Exchange rules is being granted as a result of CFTC’s March 17, 2020 granting of no-action relief to Designated Contract Markets (“DCMs”), members of DCMs, and floor brokers.

This action is being taken by the Exchange to allow registrants to continue to handle open outcry customer business from locations outside of the Exchange Room. In addition, to the extent a registrant has a duty to maintain oral communications under Exchange rules, it should make reasonable efforts to comply with such requirement at the alternative work location and document order tickets in accordance with MGEX Rules to the best of their abilities. The Exchange will continue to monitor all open outcry options activity for other violations regardless of the relief granted.

## II. COMPLIANCE WITH CORE PRINCIPLES

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

- *DCM Core Principle 4, Availability of General Information:* MGEX has identified the Relief for floor brokers may not be able to record customer orders in the manners prescribed under CFTC Regulations nor would such orders be transacted in the presence of an Exchange representative. MGEX will operate pursuant to the CFTC’s March 17, 2020 no-action relief.
- *DCM Core Principle 10, Audit Trail Required:* MGEX has identified the Relief may impair the Exchange’s ability to maintain rules and procedures to provide for the recording and safe storage of all identifying trade information in a manner that enables the contract market to use the information. MGEX will operate pursuant to the CFTC’s March 17, 2020 no-action relief.

Pursuant to the authority set forth in MGEX Resolution 210.01.F., the MGEX Officers unanimously approved the Relief on March 18, 2020. There were no substantive opposing views expressed by the Officers, nor is MGEX aware of any substantive opposing views with respect to this filing.

MGEX took emergency action on March 18, 2020 and the Relief is intended to become effective immediately. The emergency action memo to MGEX Members is available at <http://www.mgex.com/announc.html>. The Relief will apply until further notice by MGEX or as otherwise may be required by the CFTC.

If there are any questions regarding this submission, please contact me at (612) 321-7128. Thank you for your attention to this matter.

Sincerely,



Peter D. Sparby  
Associate Corporate Counsel

Enclosure

## **Exhibit A**

**The following MGEX Rules are included in the Relief.**

### **2.3.1. RECORDS OF TRANSACTIONS.**

Any Person subject to CFTC Regulation 1.35 shall keep full, complete, and systematic records (including all pertinent data and memoranda) of all transactions relating to its business of dealing in commodity interests and any related cash or forward transactions. Such records may include, but are not limited to, records of electronic trading, all orders (filled, unfilled, or canceled), electronic audit trails, trading cards, signature cards, street books, journals, ledgers, wire transfer, canceled checks, copies of confirmations, and copies of statements of purchase and sale, and all other records which have been prepared in the course of business of dealing in commodity interests and any related cash or forward transactions.

Additionally, such Person is required to keep all oral and written communications provided or received concerning quotes, solicitations, bids, offers, instructions, trading, and prices that lead to the execution of a transaction in commodity interests and any related cash or forward transactions, whether transmitted by telephone, voicemail, facsimile, instant messaging, chat rooms, electronic mail, mobile device, or other digital or electronic media. The requirement to record oral communications does not apply to oral communications that lead solely to the execution of a related cash or forward transaction.

All records of oral communications must be retained for a period of not less than one year from the date of such communication in accordance with CFTC Regulation 1.31. All other records must be retained for a period of not less than five years from the date on which the record was created in accordance with CFTC Regulation 1.31. Additionally, all records must be produced for inspection to the Exchange and any representative of the CFTC or the United States Department of Justice.

### **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.**

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, Members and 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.

**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 Member executes such orders in the presence of an official representative of the Exchange designated to observe such transactions and the Member 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 Member receiving or executing such orders has no interest therein, directly or indirectly, except as a Futures Commission Merchant, or as a Broker; and
- D. Upon execution, such transaction(s) shall be made a matter of permanent record by the Exchange (See [Regulation 2019.00.](#)).